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Advertising Age

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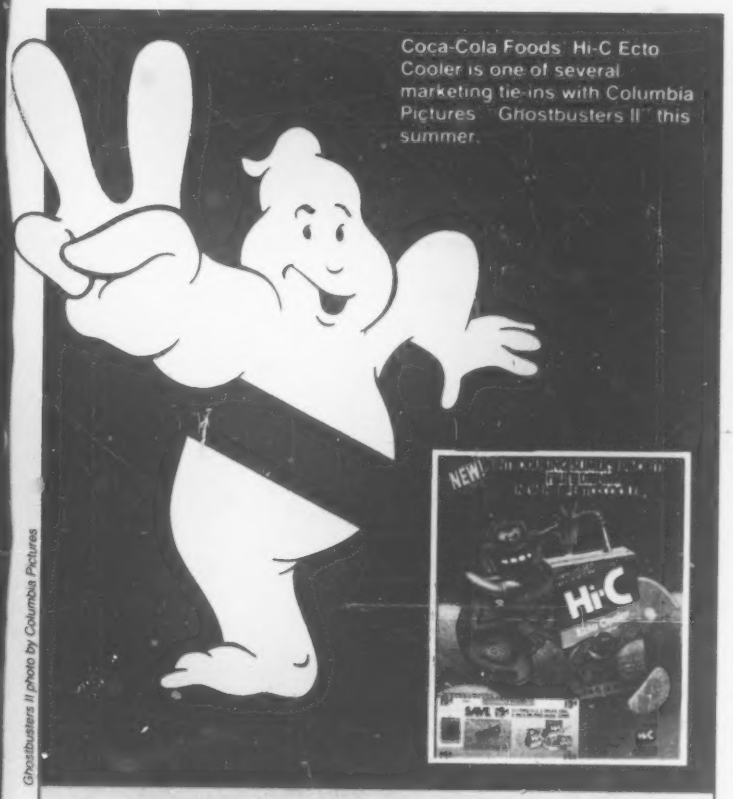

Coca-Cola Foods' Hi-C Ecto Cooler is one of several marketing tie-ins with Columbia Pictures' "Ghostbusters II" this summer.

Ghostbusters II photo by Columbia Pictures

'Ghostbusters' spook-tacular

$30M in tie-ins planned

By MARCY MAGIERA and KATE FITZGERALD

Columbia Pictures, haunted by its slipping market share, is scaring up an estimated $30 million in summer marketing tie-ins for "Ghostbusters II."

Coca-Cola Co., Ralston Purina Co. and Fuji Photo Film USA plan to devote substantial ad support to major promotions breaking late this month, said Mark Kogan, Columbia national promotions manager.

Columbia parent Coca-Cola is planning the most extensive promotion, to include its flagship Coca-Cola USA's Coca-Cola Classic soft drink and Coca-Cola Foods' Hi-C fruit drink.

Half of Hi-C's annual $10 million ad budget is going to the introduction of Hi-C Ecto Cooler, a citrus-flavor fruit drink developed through a licensing agreement with Columbia.

A "Ghostbusters II" sweepstakes is part of Coca-Cola USA's "Official soft drink of summer" blitz for Classic *(see story on Page 3)*. It will include advertising and promotions for fountain service tied in with Hardee's Food Systems.

In addition to the marketer tie-ins, Columbia's media budget for "Ghostbusters II" will be considerably higher than the average $7 million spent by the studios on a film—"no question about it," said a Columbia spokesman.

"Ghostbusters II," starring Dan Aykroyd, Bill Murray and Sigourney Weaver, opens in theaters June 16.

The original "Ghostbusters" pulled in $220 million at the box office in 1984, pushing Columbia to its peak box office market share of 16%. By 1987, however, Columbia's market share dropped to 4%, where it remains.

Ralston Purina, timed with the movie's release, will start an on-pack promotion with three of its

(Continued on Page 70)

Ogilvy, WPP talking deal

By GARY LEVIN

NEW YORK—The predicted shoot-out tomorrow between Martin Sorrell and Ken Roman looks more like a formal surrender.

After Ogilvy Group Chairman-CEO Mr. Roman agreed to start negotiations last week with WPP Group Chief Executive Mr. Sorrell, financial observers said it was "highly probable" Ogilvy would strike a deal for a $53-to-$55-a-share takeover.

Ogilvy has an annual shareholders meeting scheduled for tomorrow.

The total price would amount to $848 million to $880 million, about halfway between early valuations of Ogilvy stock at $48.50 a share and recent speculation that a bidding war could lead to a $60-per-share price.

If he closes the deal, Mr. Sorrell's WPP Group would become a $13.5 billion megagroup, one that's neck and neck with Saatchi & Saatchi Co. for the top spot.

WPP Group is now the world's third-largest agency group, with 1988 worldwide billings of $7.82 billion and gross income of $1.173 billion. Fifth-ranked Ogilvy reported worldwide billings of $5.7 billion last year and revenues of $838 million.

With a sale of Ogilvy all but certain, speculation late last week centered on the future shape of the company and who might run it.

Mr. Sorrell is expected to honor Ogilvy's commitment to sell a majority stake in Scali, McCabe, Sloves back to its management.

While WPP sources insist no other major assets will be sold, the word is that low-margin operations, such as Research International and SAGE Worldwide, might be spun off or consolidated with other WPP holdings.

Research International and its components could be merged with WPP's MRB Group research unit. SAGE could be reorganized or dismantled by splitting its sales promotion and retail consultancy businesses.

Ogilvy units that aren't spun off or absorbed within WPP's units will form a powerful second network for Mr. Sorrell, who sees the emerging WPP offering clients greater global marketing strengths and service synergies.

Ogilvy managers and investment advisers in the past two weeks frantically searched for a "white knight" and tried to line up financing for a leveraged buyout proposal they could present to shareholders and directors at the annual meeting tomorrow.

The possibility of a white knight remains, and Ogilvy management conceivably could have a counteroffer up their sleeves. In a statement released Friday, Ogilvy stressed that "there is no assurance that an agreement will be reached" in the current talks.

"The issues now are obviously price and who's going to stay," said Andrew Wallach, analyst at

(Continued on Page 72)

L'Oreal puts on a new face for skincare launch

By PAT SLOAN

NEW YORK—Cosmair will kick off its huge introduction of L'Oreal Plenitude skincare products with a $35 million campaign that resembles a department store introduction.

Plenitude, marketed only in mass-market outlets like grocery and drugstores, will bump heads with Oil of Olay, the leading mass-market skincare line. Oil of Olay, marketed by Procter & Gamble Co.'s Richardson-Vicks subsidiary, last year spent $31 million in measured media.

Cosmair's budget for Plenitude will include $15 million for TV and print, $10 million for promotion and another $10 million for in-store promotion.

The in-store promotion program will borrow a page from department store marketers.

Representatives will be trained to discuss skincare with consumers and analyze their skin. Local modeling agencies also will be used to tout the line and distribute product samples. At least 10 million product samples will be used.

Advertising, via Publicis, Paris, departs from the wholesome, mass-market look, incorporating more sophisticated, somewhat European imagery. Ads focus on the

(Continued on Page 70)

Last Minute News

Johnston, Matthews join

STAMFORD, CONN.—Former JWT Group Chairman Don Johnston and former American Association of Advertising Agencies President Len Matthews today open Matthews & Johnston, a consultancy advising multinational marketers and ad agencies. For example, the consultancy will help expansion-minded companies find partners in Europe or the Asia/Pacific. The office is at 6 Landmark Square, Suite 400, 06901.

BK delays decision

MIAMI—Burger King postponed a decision on its $60 million national account after one of the three agency finalists produced uninvited speculative creative work, a source said. The other shops may have to submit campaigns to compete. D'Arcy Masius Benton & Bowles and Saatchi & Saatchi Advertising, both New York, and J. Walter Thompson USA, Chicago, are in the review. The account is now at N W Ayer, New York.

Chesebrough protests ads

GREENWICH, CONN.—Chesebrough-Pond's asked the Big 3 TV networks to pull Campbell Soup Co. spots comparing Prego spaghetti sauce with Chesebrough's

(Continued on Page 8)

More 'Roe vs. Wade' fallout—P. 2 | Ad spending update—P. 24

'Roe' advertisers risk boycotts

By JUDITH GRAHAM

The bitter controversy over NBC-TV's *"Roe vs. Wade"* movie now threatens to expose the network's affiliates and their local advertisers to retaliation by the National Right to Life Committee.

The anti-abortion group last week asked its 2,500 local and 50 state chapters to tell local advertisers how strongly they objected to the TV movie. The goal was to convince advertisers to pressure affiliates into not airing *"Roe vs. Wade,"* scheduled for tonight.

There had been just one pre-emption among NBC's 208 affiliates as of late last week, said Curt Block, NBC VP-East Coast media relations. That pre-emption, in Kansas City, Mo., involved a station previously committed to a baseball telecast. NBC placed *"Roe vs. Wade"* with another station in the market, Mr. Block said.

NBC, hit by cancellations from several network advertisers, including Procter & Gamble Co., vowed it would air the movie even without advertiser support. The movie is the story of the woman whose case led to the 1973 Supreme Court ruling that abortion is legal.

The NRLC chapters will urge marketers to withdraw ad support during the next several months from NBC affiliates that air the movie. And marketers themselves may be subject to the chapters' wrath.

"I would not rule out [advertiser] boycotts, both nationally and locally," said Dan Donehey, NRLC director of public relations.

Mr. Donehey said his organization, which had been in contact with NBC about the movie since January, felt "conned" by the network.

Despite NBC's insistence that *"Roe vs. Wade"* would be a balanced, fair treatment of the abortion issue, he said, several local right-to-life groups that saw the program last week said it had a distinct pro-abortion slant.

Separately, the Rev. Donald Wildmon, executive director of the American Family Association, said his group would watch the program tonight and decide later this week whether to initiate a boycott of advertisers that bought time in the movie.

The 380,000-member association is separate from another Wildmon-related group, Christian Leaders for Responsible Television, that is monitoring network programs airing in May.

Top NBC officials made personal appeals to chief executives of some 100 leading national advertisers, urging them not to be intimidated by threats from pressure groups.

NBC President Robert C. Wright, in a telegram, told advertisers: "NBC firmly believes the decision about where your messages appear rests with you and your marketing people—not with those who have a predisposition to judge a program's merits based on their own agenda and no information."

Mr. Wright called several executives personally to ask for their support.

Although many advertisers have decided to pull out of the *"Roe vs. Wade"* movie, some are asking to be included on the show precisely because they believe high-quality programs of this sort should be aired, agency executives said. NBC expects to have takers for all its advertising availabilities, which had been selling at deep discounts, agency executives said.

"At least two clients have moved into the program because they feel strongly about the issue," said [illegible] Mandel, VP-director of national broadcast at Grey Advertising, New York. He declined to name the marketers.

General Foods USA reaffirmed its commitment to the program.

P&G said its decision to withdraw from *"Roe vs. Wade"* was based on existing corporate guidelines that specify the company will avoid controversial topics and wasn't the result of pressure tactics mounted by the program's critics.#

Highlights

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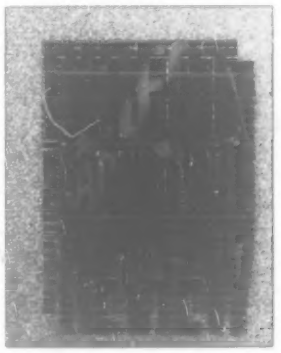

Independent direct shops feel the squeeze. See "Special Report," following P. 50.

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Breyers ices deal with bank for affinity card

By JULIE LIESSE ERICKSON

Kraft General Foods Group and Marine Midland Bank next month will start issuing a Visa card that features the logo of Breyers ice cream.

It's believed to be the first affinity card from a package-goods marketer.

The Breyers card will be announced during the Children's Miracle Network Telethon, airing June 3 and 4. The card will also be advertised in *People* and *TV Guide*, and in special newspaper inserts June 4.

Ads will be prepared by Young & Rubicam, New York, Breyers' agency.

For each card issued during the telethon or because of the ads, Breyers will contribute $2 to a fund-raising effort benefiting children's hospitals around the country.

Breyers and Marine Midland also will contribute to the charity, on an ongoing basis, a percentage of the finance charges paid by Breyers card users.

In addition to a portion of profits from the card, "Breyers will realize unusual benefits for an affinity card partner—it gets its brand identity in front of thousands of consumers," said Jeff Slawsky, VP-marketing for Marine Midland.

A customer also gets a Timex watch carrying the Breyers logo when approved for the card. And if purchase volume in the first year exceeds $3,500, the cardholder receives a $50 U.S. savings bond.

Marine Midland is the largest issuer of affinity cards, with more than 160 programs, including those of Continental Airlines and the New York Yankees.

More package-goods credit cards may be coming.

"We have been approached by a couple of other package-goods marketers," Mr. Slawsky said, "but we want to get this program in place before acting on those proposals."#

Laurie Freeman in Washington contributed to this story.

BDDP sweetens its offer for BMP

By LAUREL WENTZ

LONDON—France's BDDP Group might have delivered the knockout blow last week to clinch its hostile takeover of U.K. agency Boase Massimi Pollitt.

The BMP board met over the weekend to consider alternatives to BDDP's new offer of 345 pence per share, a 15% increase over earlier offers. The new offer values the company at $201 million.

BDDP also bought another 3% of BMP, bringing its stake to 14%.

Omnicom Group, New York, has been the most persistently rumored other suitor but hasn't made a bid or acquired the 1% shareholding that must be disclosed if acquired while any bid is under way.

Officials at Omnicom couldn't be reached for comment.

"I'd recommend my clients take 345 pence," said Chris Akers, an analyst at Citicorp Scrimgeour Vickers. "The only possibility BMP may have of escaping the clutches of BDDP is if a third party comes in. I can't believe TBWA [which owns a 2.6% stake in BMP] is capitalized enough, and BMP management—would be loath to do" a management buyout.

TBWA officials also couldn't be reached for comment.

David Grimbley, an analyst at UBS Phillips & Drew, said BMP still could seek a white knight.

BMP counterattacked BDDP's latest move with a round of hourlong presentations May 12 to convince the agency's biggest shareholders and analysts that BMP is worth more than $201 million.

Analysts said BMP told them an even higher offer is justified by the company's cash flow and by comparison with the price WPP Group is offering for Ogilvy Group.

At $50 a share—WPP's offer last

(Continued on Page 72)

Grocery retailers get tougher

Nabisco exec wants 'new rules'

By JUDANN DAGNOLI and JULIE LIESSE ERICKSON

CHICAGO—Grocery retailers are gaining more ground in their power struggle with grocery product marketers.

At the Food Marketing Institute's annual Supermarket Industry Show here last week, it was apparent that retailers are no longer satisfied with merely controlling shelf space and promotional allowances.

Instead, they're aiming at taking even more sales from national brands for their own house brands and demanding more control of in-store ad media.

Their desire for higher profits despite thin margins is also prompting supermarkets to institute such policies as "failure fees" in addition to slotting fees for new products.

Nabisco Foods Co. President-CEO William McKnight told food brokers in a speech 10 days before the FMI show that the concentration of retail grocery trade power is intensifying so quickly that federal intervention may become necessary.

Mr. McKnight said consolidation among grocery retailers is concentrating power in fewer hands.

"The top 10 customers of Nabisco Foods represented 25% of total sales in 1980," he said. "In 1989, the top 10 will represent more than 44%."

Although the top 10 food companies also account for about 40% of retail store sales, there's no balance, Mr. McKnight said.

"The emergence of extra goodies—like reclamation centers, co-op advertising fees far in excess of media costs, diverting, slotting allowances and other 'promotional expenses,' " he said, have given retailers the edge over marketers. Mr. McKnight called for "new rules for the promotion game."

One new twist on that game is from J.M. Jones Co., an Urbana, Ill.-based wholesaler and subsidiary of Super Valu Stores, Minneapolis, which is demanding a $2,000 per-item fee to remove marketers' new products that don't meet agreed-upon sales goals within the first 90 days.

If the marketer chooses to leave the product on shelves, it must pay a special surcharge to J.M. Jones, distributor to Eagle Stores and independent grocery stores throughout Illinois. The policy is designed to cover labor and other costs of removing failed products, the wholesaler said.

This type of policy is "one of hundreds" instituted by major grocery chains, said a food company executive, who noted such policies could lead national companies to run afoul of antitrust regulations.

"In some ways, they're [retailers] just getting even for years of manufacturers dictating what they would sell. Now, retailers want to decide what they're shelving and promoting," said a VP-sales at another national food company.

Some retailers are taking control of ad dollars as well as promotional dollars. Chains such as Safeway Stores, Lucky Stores, Save Mart Foods and Payless Drug Stores have already installed in-store radio ad systems in which they sell time to national marketers.

Ike Egan, president-ceo of Broadcast International, which sells satellite equipment to the stores for the in-house network, said retailers should control "the $57 billion spent annually on advertising and promotion in the food industry."

Mr. Egan said with his system, a retailer can, for instance, block Pepsi commercials on its radio network during a Coca-Cola promotion, or vice versa. "This [in-store advertising] is the domain of the retailer; he takes the risks, and it's pointless to give [control] over to a third party."

Another potential threat to national marketers is a resurgence of private-label brands.

Private labels are more profitable for retailers because minimal advertising allows for greater margins, said Peter O'Gorman, senior VP-development marketing at A&P. "Advertising [for national brands] and manufacturers' deals come right out of our margins," he said.

Tom Stephens, an executive at Loblaw International Merchants, Toronto, said some of his company's private-label products, under the President's Choice name, outsell manufacturers' brands, despite little ad support.

Mr. Stephens said the private-label concept is growing again in the U.S. because 25% of U.S. companies are now under European ownership. Private labels are more firmly entrenched in Europe; they've had an up-and-down sales history in the U.S.

Compared with previous years, the show offered few new products *(see list)*, which may reflect manufacturers' concern over distribution costs. Instead, many marketers pushed existing products or shelf-space management systems.

This year's show did offer a marked increase in the attendance of upper-echelon marketing executives of major food companies.

"They're getting more involved because they're realizing 66% of their ad budgets are controlled here," one attendee said.#

Staff photo by Michael A. Marcotte

Nabisco President William McKnight warns that slotting allowances and other retailer tactics may lead to regulation of the supermarket industry.

CORRECTIONS & CLARIFICATIONS

- The *Rocky Mountain News'* Sunday circulation of 411,023 for the six months ending March 31 was up 3.4% over the same period a year earlier, according to the Audit Bureau of Circulations (AA, May 8, P. 70).
- Peter Harckham was named account exec at *Harper's*, New York, not *Harper's Bazaar* (AA, May 8, P. 63).
- Perception Research Services, Englewood Cliffs, N.J., uses a combination of eye tracking, recall questioning and verbal interviews in its work. Reference to its use of focus groups in connection with its free standing insert research was incorrect (AA, May 1, P. 1).
- Procter & Gamble Co. and its Richardson-Vicks subsidiary have expressed an interest in an amusement-park product sampling and coupon program devised by Touch Marketing but haven't as yet signed up (AA, April 24, P. 3).#

Marketers still see wealth in health

By JULIE LIESSE ERICKSON and JUDANN DAGNOLI

CHICAGO—Last week's Food Marketing Institute show reiterated at least two new-product truisms:

- Healthy products are in. Yogurt marketers are jumping on the NutraSweet bandwagon, with Kraft General Foods Group and Dannon Co. both rolling products to follow General Mills' Yoplait Light and Weight Watchers' Ultimate 90. "Light" ice cream bars are also in style.
- Where there's one new product, there's a competitor on its heels. With Swift-Eckrich and Geo. A. Hormel & Co. both trumpeting new lean hot dogs, Sara Lee Corp.'s Bryan Foods subsidiary posted signs laying claim to the "first" lean hot dog. Meanwhile, Lender's Bagel Bakery and Kitchens of Sara Lee, which fight for control of the frozen bagel market, are both introducing oat bran bagels.

Here's a sampling of other significant new-product introductions unveiled at FMI:

Purina Biscuits dog snack
Ralston Purina Co.
Where: national
When: shipments start May 29
Agency: Martin Marshall Jaccoma Mitchell, New York
Ad support: $12 million introductory campaign, including TV, print and couponing breaking in July

Dole Pure & Light fruit juices
Castle & Cooke
Where: national
When: by end of May
Agency: Backer Spielvogel Bates, New York
Ad support: TV and FSIs

Ripplin's potato chips
Keebler Co.
Where: national
When: rolling now
Agency: Leo Burnett USA, Chicago
Ad support: TV spots break June 4; coupons and free standing inserts also support

Innkeeper's Choice breads
Continental Baking Co.
Where: testing in Washington and Oregon
When: this month
Agency: Noble & Associates, Springfield, Mo.
Ad support: TV and print

Milky Way and Snickers snack-size candy bars
M&M/Mars
Where: national
When: rolling now
Agency: Backer Spielvogel Bates, New York
Ad support: national TV and print by summer

Butter Buds flavoring
Boyle-Midway Household Products
Where: national
When: rolling now
Agency: Young & Rubicam, New York
Ad support: $15 million ad/promotional support; $8.2 million network TV campaign breaks June 26

Eckrich Lite meat products
Swift-Eckrich
Where: national
When: rolling now
Agency: Grey Advertising, New York
Ad support: TV and print

Light n' Lively 100 yogurt
Kraft General Foods Group
Where: testing in Southeastern, Midwestern markets
When: shipped to Southeast in March; entering the Midwest in June
Agency: McCann-Erickson Worldwide, New York
Ad support: TV and print

Dannon Light yogurt
Dannon Co.
Where: Midwest and South
Agency: HDM, New York
Ad support: spot TV breaks in early June

Andes Mint Patties and Mint Pearls candies
Jacobs Suchard Inc.
Where: national
When: late summer/early fall
Agency: Young & Rubicam, Chicago
Ad support: FSIs this fall

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Ad spending outlook brightens

By ROBERT J. COEN

The outlook for total U.S. ad spending could turn out to be less disastrous than many people have expected.

The year wasn't predicted to be a good one, since it's a post-Olympics period and economic expectations are lower. But some media categories have undoubtedly reached bottom and are about to start to move upward again.

Total U.S. ad expenditures are expected to rise 6% to 7%, with the outlook gradually brightening. By yearend, spending could rise above the $125 billion level.

But 1988 was definitely a disappointment.

Traditional stimulation from the Olympics and the political elections was expected to lead to significantly better growth in both national and local advertising.

Unfortunately, the memory of the October 1987 stock market plunge and the fear of an impending recession proved to be stronger than the traditional expansionary factors. And the TV writers strike didn't help, either.

The final U.S. advertising total of $118.05 billion represented a gain of only 7.7% in 1988, scarcely exceeding 1987's sluggish 7.4% growth.

National ad trends

National marketers added very little in "new" advertising dollars. They appeared to divert dollars from regular schedules to pay for Olympic commitments in the first half of the year because of uncertainties caused by the stock market plunge.

Caution persisted in the second half as the TV writers strike continued procrastination in spending commitments.

Network TV revenues in the 10 months without the Olympics rose only 1.1%. Revenues rose only 1.3% in the final quarter, despite some Olympic activity, because of the writers strike.

So, this year the network TV revenue comparison will be a little easier than in the last post-Olympic year of 1985. In fact, the networks can expect modest growth this year.

The usual double-digit Olympic year gains in spot TV spending failed to appear. The spillover from typically sold-out networks wasn't there and package-goods marketers' ad demand was soft as a result of few new-product introductions.

In 1989, the spot TV situation isn't expected to get any worse, but it won't expand much either.

National advertisers' spending in network radio increased 3% and spot radio rose 6.6% in 1988. These gains weren't of the magnitude seen in most recent Olympic years, but they were a welcome improvement from the declining trend of the previous two years. A continuing upward growth appears to be likely for 1989 and beyond.

The final magazine figures show a very good 8.3% gain, better than the gains posted by many broadcast sectors. That trend could carry into 1989 and beyond.

The relatively large 10.5% gain in direct-mail advertising is partly due to much higher piece volume in the first quarter of 1988 followed by sharply higher postal rates in the second quarter.

Piece volume growth nearly disappeared after the rate hike, and in 1989, ad expenditure growth in this medium isn't likely to be in the double digits.

In 1988, only the first quarter exhibited the traditional growth pattern expected in an Olympic year. Although there was some degree of growth in the second and third quarters, it was less than expected. In the fourth quarter, the writers strike accounted for a loss.

Local ad trends

From 1985 to 1987, national advertising budgets in the major mass media failed to keep pace with the economy, but the local media increases generally matched or exceeded gross national product growth. In 1988, severe corrections in advertising practices began to appear at the local level.

The exceptional pace of growth in classified real estate and help-wanted ads flattened out last year just when local retailers' newspaper ad linage began to decline.

The host of leveraged buyouts and the closing of a number of large department stores resulted in a disastrous ad marketplace for a number of major-market newspapers.

Until the economy clearly shifts into expansion, the inevitable recovery is not likely to get fully under way.

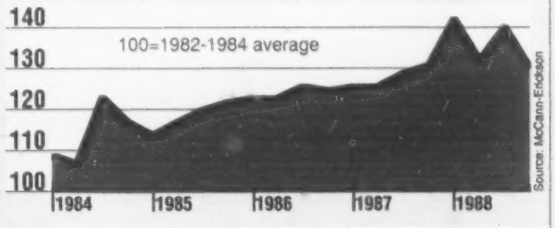
The newspaper situation should gradually start to get somewhat better this year, but it will take more than a year before the pendulum fully swings back upward.

In Olympic and election years, the local spending growth in the broadcast media is usually excellent. That didn't happen last year, and the seriously dampened state of local business probably will hold down both broadcast and newspaper ad demand until the current local economic stagnation ends.#

Mr. Coen is senior VP-director of forecasting at McCann-Erickson Worldwide, New York.

GENERAL INDEX HICCUPS

The McCann-Erickson national advertising indexes are key barometers of the month-to-month changes in national advertising spending. These indexes are seasonally adjusted measures of the monthly advertising revenues for the major national media. The general index is a composite of net tv, spot tv, magazines and newspaper expenditures by national advertisers.



Month	General index	Net TV	Spot TV	Mags.	News.
January	143	127	168	148	134
February	154	162	151	156	139
March	131	118	147	135	129
April	133	121	144	143	125
May	133	120	144	148	120
June	129	123	139	128	127
July	132	124	144	136	128
August	133	120	147	135	132
September	155	177	152	133	139
October	131	119	136	145	130
November	127	114	140	133	127
December	133	116	139	152	133
Average	136	126	146	141	130
Change over 1987	+6.3%	+7.9%	+4.4%	+8.3%	+2.6%

John Heiland

U.S. ADVERTISING VOLUME

The McCann-Erickson U.S. advertising volume reports represent all expenditures by U.S. advertisers—national, local, private individuals, etc. The expenditures, by medium, include all commissions as well as the art, mechanical and production expenses which are part of the advertisers' budgets for each medium. *Source:* Prepared for Advertising Age by Robert J. Coen, McCann-Erickson.

Medium	1987 Millions of dollars	1987 Percent of total	1988 Millions of dollars	1988 Percent of total	Percent change
Newspapers					
National	3,494	3.2	3,586	3.0	+2.6
Local	25,918	23.6	27,611	23.4	+6.5
Total	29,412	26.8	31,197	26.4	+6.1
Magazines					
Weeklies	2,445	2.2	2,646	2.2	+8.2
Women's	1,417	1.3	1,504	1.3	+6.2
Monthlies	1,745	1.6	1,922	1.6	+10.1
Total	5,607	5.1	6,072	5.1	+8.3
Farm Publications	196	0.2	196	0.2	0.0
Television					
Network	8,500	7.8	9,172	7.8	+7.9
Cable (nat'l)	760	0.7	942	0.8	+23.9
Syndication (nat'l)	762	0.7	901	0.8	+18.2
Spot (nat'l)	6,846	6.2	7,147	6.0	+4.4
Spot (local)	6,833	6.2	7,270	6.2	+6.4
Cable (non-net)	203	0.2	254	0.2	+25.0
Total	23,904	21.8	25,686	21.8	+7.5
Radio					
Network	413	0.4	425	0.4	+3.0
Spot (nat'l)	1,330	1.2	1,418	1.2	+6.6
Spot (local)	5,463	5.0	5,955	5.0	+9.0
Total	7,206	6.6	7,798	6.6	+8.2
Yellow Pages					
National	830	0.8	944	0.8	+13.7
Local	6,470	5.9	6,837	5.9	+5.7
Total	7,300	6.7	7,781	6.7	+6.6
Direct Mail	19,111	17.4	21,115	17.9	+10.5
Business Papers	2,458	2.3	2,610	2.2	+6.0
Outdoor					
National	615	0.5	628	0.5	+2.2
Local	410	0.4	436	0.4	+6.3
Total	1,025	0.9	1,064	0.9	+3.8
Miscellaneous					
National	9,703	8.8	10,461	8.9	+7.8
Local	3,728	3.4	4,070	3.4	+9.2
Total	13,431	12.2	14,531	12.3	+8.2
Total					
National	60,625	55.3	65,610	55.6	+8.2
Local	49,025	44.7	52,440	44.4	+7.0
Grand Total	109,650	100.0	118,050	100.0	+7.7

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Some athletic shoes are going to get a run for their money.

Can you think of a better place for athletic shoes than in the company of the best athletes in the world, as they compete for medals and the record books?

Or, can you think of a better audience for athletic shoes than the upscale, active market that the cable-exclusive Goodwill Games will reach?

Not only that, but the Games offers endless promotional opportunities—sport sponsorships, on-site signage, product displays, and entertainment opportunities. Plus, for those who move quickly, exclusivity in your product category.

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FOCUS ON HEALTHCARE MARKETING

Healthcare shops globalize

Agencies play catchup to consolidating drug industry

By PATRICIA WINTERS and LAURIE FREEMAN

Healthcare ad agencies are building worldwide networks to cater to the rapidly consolidating, high-stakes global drug industry.

The proposed merger between U.K.-based Beecham Group and U.S.-based SmithKline Beckman Corp. is only one example of how the $127 billion drug industry is consolidating. Within the past year, other major players, such as Johnson & Johnson and Merck & Co., signed co-marketing agreements.

Now it's the agencies' turn to catch up.

"There is a deep desire to go global to satisfy clients' needs," said William Castagnoli, president of D'Arcy Masius Benton & Bowles' Medicus Intercon International, New York.

With Wall Street expecting more drug marketers around the world to merge, healthcare agencies are dealing with a potentially smaller client base by trying to follow their globe-trotting clients.

"The fact is healthcare almost has to globalize. It's one of the industries that will lead the way toward globalization [of industry in general], and agencies have to be prepared," said Alan Gross, president of Gross, Townsend, Frank, Hoffman, a Grey Advertising subsidiary.

Healthcare advertising is big business. Medicus Intercon, the No. 1 U.S.-based medical agency, reported gross income last year of $35.5 million, up 11% from 1987.

Besides Medicus, other major agencies looking to expand globally include Grey's Gross Townsend; Omnicom Group's Kallir, Philips, Ross; Young & Rubicam's Sudler & Hennessey; and M.E.D. Communications, Woodbridge, N.J.

Although these agencies have international presence, most are stepping up expansion. The escalating cost of developing new products is fueling drug companies' consolidation moves. The average research and development cost of bringing a new drug to the U.S. market is about $125 million.

Analysts cite large foreign drug companies with strong research and development centers, such as Hoffmann-La Roche, as likely suitors for U.S. companies, which offer strong marketing and sales forces.

Despite statements that they're not interested in acquisitions, Hoffmann-LaRoche, Ciba-Geigy, Imperial Chemical Industries and others are reportedly interested in buying Upjohn Co., after heavy trading of that pharmaceutical marketer's stock last week.

"Only [drug] companies with major research and development units will survive," said Norman Cooper, KPR's president.

International healthcare promotion, particularly prescription drug advertising, can be globalized fairly easily. Although drug regulations differ from country to country, a drug is basically the same in any market where it's allowed. Furthermore, physicians already communicate globally through medical journals.

"The launch of new prescription drugs is essentially the same in every country," said Robert Gouterman, exec VP at Sudler & Hennessey.

Many healthcare ad executives expect to see a more unified drug regulatory process. The European Community, planning to drop remaining tariffs by 1992, could be the first to unify regulations.

Currently, a drug must meet different requirements in each EC country, a time-consuming and costly process.

Because of 1992, Europe is the hot market for drug marketers and healthcare agencies.

To serve a shrinking number of potential clients and prepare for falling trade barriers, a top priority at Grey is to build its medical agency network in Europe (AA, April 24). Grey now has seven healthcare offices worldwide, mostly under the Gross Townsend or Grey Medical names. Mr. Gross said the plan is to expand to about 15 to 20 in the near future.

"We're not necessarily going to expand into every country, but we intend to have full healthcare agencies in every major market," said John Shannon, London-based chairman-ceo of the newly created Grey European Management Board.

Grey intends to build on both the Grey and Gross Townsend names through acquisitions, Mr. Shannon said, and the agency is in early negotiations with undisclosed agencies in two countries. Agreements are expected by June, he said.

Meanwhile, KPR hopes to acquire an agency in West Germany by yearend to add to its existing agencies in Brussels and London, Mr. Cooper said.

Although he didn't give details, Mr. Cooper said Johnson & Johnson —a major KPR client—is rolling its Acuvue disposable contact lenses across Europe (AA, April 3).

Paling Ellis KPR handled the introduction of Acuvue in the U.K.

KPR may also be eyeing the joint venture created by J&J and Merck to market over-the-counter formulations of prescription drugs.

"We have clients with very good research and development, and [with an international network] we'll be able to handle new products as they come along," Mr. Cooper said.

Sudler & Hennessey's Mr. Gouterman said his agency is expanding its existing international network of nine offices worldwide under both the Y&R and Sudler names.

Even smaller agencies are on the lookout. Recognizing that "the marketplace is shrinking," M.E.D. Communications has linked with foreign agencies in six countries to develop a network. Exec VP Tom Rosenwald said "business will dictate the rapidity of expansion."

In Australia, Sydney-based Cahill Wickham Fairweather Stennet Advertising is trying to keep up with its expansion-minded client, Swedish drug company Pharmacia.

Pharmacia tapped Cahill Wickham to handle a $9.5 million corporate drive into Europe, the U.S. and Japan. The agency now has offices in Sydney, Stockholm and La Jolla, Calif., and said it, too, is looking to expand.

Irwin Gerson, chairman-ceo of William Douglas McAdams Inc., New York, is "thinking about" expanding globally to better serve clients. Those marketers include Ciba-Geigy and Hoffmann-La Roche.

"Having an international presence is beneficial since most products are marketed overseas before they come to the U.S.," he said.

Mr. Gerson said the agency is holding exploratory talks with companies overseas to set up a medical agency network.#

Geoffrey Lee Martin in Sydney contributed to this story.

TOP 10 U.S.-BASED HEALTHCARE AD AGENCIES

All figures are in millions.

Agency	Worldwide income	U.S. income
1. Medicus Intercon International, New York	35.5	12.5
2. Sudler & Hennessey, New York	29.5	20.6
3. Kallir, Philips, Ross, New York	21.5	17.7
4. Thomas G. Ferguson Associates, Parsippany, N.J.	16.9	16.9
5. William Douglas McAdams, New York	15.2	15.2
6. M.E.D. Communications, Woodbridge, N.J.	14.2	14.2
7. Lavey/Wolff/Swift, New York	12.7	12.7
8. Klemtner Advertising, New York	12.0	12.0
9. Gross, Townsend, Frank, Hoffman, New York	11.3	11.3
10. Carrafiello-Diehl & Associates, Irvington, N.Y.	9.2	N/A

Source: Advertising Age

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Here's an important call for a telecommunications company.

It's opportunity calling. The Goodwill Games offers a lot of it—all kinds of promotional tie-ins, on-site signage, product displays and entertainment possibilities.

But it won't stay on hold forever. The best of the promotional opportunities, as well as the exclusive sponsorship, will go to the first caller.

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No deals soon, say Swiss drug giants

By JOHN PARRY

BASEL, SWITZERLAND—Three big Swiss drug companies say they won't be a part of any global drug merger and acquisition derby.

Hoffmann-La Roche, Ciba-Geigy and Sandoz all emphasized their positions at recent news conferences scheduled for other reasons. Speculation about global consolidation in the $127 billion drug industry followed the proposed SmithKline Beckman Corp. and Beecham Group merger.

Despite reports that Swiss marketers are interested in Upjohn, analysts don't expect major U.S. takeovers by these companies soon.

"I don't think there is going to be any action in the next six months, but there are going to be a lot of rumors," said Lino Monsegrati, investment analyst at the Banque Cantale Genevoise, a Geneva bank.

"We're not ruling out acquisitions at the moment, but they're not the focus of this restructuring," Hoffmann Chairman Fritz Gerber said in announcing a corporate restructuring. "We're more into the joint-venture route, both in the U.S. itself and with companies in Europe."

Hoffmann was rebuffed last year in a $4.7 billion bid for Sterling Drug, which eventually went to Eastman Kodak Co. for $5.1 billion.

Ciba-Geigy Chairman Alex Krauer faced similar questions when his company held a news conference to discuss 1988 financial results.

"Not at all, not at all," Mr. Krauer responded when asked whether the company is seeking acquisitions in the U.S.

"The company feels its growth potential in the U.S. is going to come from within, not through an acquisition policy," he said.

At a meeting to release 1988 financial results, Marc Moret, Sandoz chairman, said the company has had excellent results in the U.S. in the past year but plans no major acquisitions.

"We think that we are best building from within and making strategic alliances," Max Link, head of Sandoz's pharmaceutical division, said after the meeting.

Officials at the International Federation of Pharmaceutical Manufacturers Associations said if the Beecham-SmithKline merger works, it could encourage others.

"The Americans are buying into Europe to get into that market [before 1992], but why shouldn't the Europeans buy the other way to enhance their research base in the U.S. and make their products more competitive in the single European market?" one official said.#

Special Report

Independents feel the squeeze

By Alison Fahey

It was inevitable. After years of booming billings growth, direct-marketing agencies are confronting a softening U.S. market.

Responding to the maturing U.S. market and anticipating the united European market in 1992, the nation's largest direct-response agencies are seeking more fertile turf overseas, where technological changes are creating the type of potential U.S. direct marketing enjoyed in its developmental days.

The future is less certain for the smaller independents, however. Without the capital to establish or acquire a foreign presence, they are facing the domestic slowdown in real terms: Survival of the fittest.

While wholesale agency closings are not imminent, the increasing scarcity of multimillion dollar accounts is creating hardship for independents. "It's really much tougher today to be wholly independent, you don't get a shot at the clients that general agencies have and then share with their direct-marketing subsidiaries," says Jim Kobs, chairman-ceo, Kobs, Gregory, Passavant, a newly formed agency partly owned by Bayer Bess Vanderwarker, Chicago.

Domestically, many direct-response agencies this year expect flat to single-digit revenue growth. Representing a sharp decline from average gains of 30% earlier this decade, direct-response growth rates now parallel expected single-digit gains for general ad agencies.

According to ADVERTISING AGE's survey of 246 direct-response agencies, billings grew 9.7% from 1987 to 1988, and only 51.8% of agencies had greater than 5% growth. The slowdown can be traced to the proliferation of agencies and the natural maturation of the U.S. direct-marketing industry.

However, according to Mr. Kobs, "The U.S. future is good if [direct-response] agencies react to what clients are concerned about, they're going to have to adjust. Overall, there will be much more emphasis on strategic planning."

Hope also lies in attracting new categories to the field, industry experts say.

While services-related companies like financial institutions have embraced direct marketing, direct-response agencies are still awaiting the expected emergence of U.S. package-goods companies as a major source of revenue.

"Direct marketing still has to prove itself to some [categories] like package goods," says Richard Stollenwerk, exec VP-group general manager, Wunderman Worldwide, New York.

But while some shops are waiting for those market segments to catch on to direct marketing's potential, some key players are shifting their focus overseas.

"All the big agencies understand one of the biggest growth areas of the future is Europe 1992," says George Wiedemann, chairman, Grey Direct International, New York. Grey has 18 international offices primarily in Europe.

Ogilvy & Mather Direct has moved aggressively into foreign markets, opening offices in Turkey, Greece and Portugal within the last two years. The largest global direct-response network with about 46 offices worldwide *(See story on Page S-12)*. O&M Direct plans to open a "few more offices" probably in Asia and Latin America, says President William Morrissey.

Backer Spielvogel Bates' Kobs & Draft unit also has moved to set down international roots "to take advantage of growth opportunities now and in 1992," says Sid Liebenson, exec VP-director of marketing.

With only two U.S. offices, Kobs & Draft, Chicago, began expanding overseas in December 1987 with a start-up in Madrid. In April, K&D announced the addition of Wolff & Partner, Stuttgart, West Germany. K&D also this month opened an office in Brussels, bringing to 11 the number of offices overseas.

Saatchi & Saatchi Direct Worldwide recently merged its French operations with the Cezame Conseil direct-response agency to form Cezame/Saatchi & Saatchi Direct.

One independent shop, The Townsend Agency, believes it has found a way to expand internationally without hooking up with a general ad agency.

The Rosemont, Ill.-based direct-response agency has recently become a member of InterDirect, a year-old international network of nearly 25 independent direct-response agencies.

InterDirect member agencies work on one other's accounts when a client wants to advertise in a market where its current agency lacks a presence.

"We know zip about European markets. We'd work with the agencies that have the most expertise in a particular market," says Gary Tillery, Townsend chairman.

So far, InterDirect has one member agency per country but four in the U.S. "The Network is a good alternative for companies that want to go international, but don't want to turn to a J. Walter Thompson or Ogilvy & Mather or the other giants. And where the emphasis of major agencies is primarily image and awareness advertising, ours is on direct-response," he says.

But at least one executive criticized the arrangement, saying, "advertising is not an exportable commodity."

Meanwhile, the bigger agencies are buying foreign offices at a fast pace. One agency executive, referring to the practice as a "buying frenzy," says several companies are buying shops indiscriminately.

"There's a number of agencies that are buying over there at prices they shouldn't be. And people are buying things that don't have value," says one agency executive.

On the domestic front, some direct-response agencies are divesting and consolidating offices to protect themselves from a slow growth market.

One of the bigger consolidations came in February when Omnicom Group merged Rapp & Collins USA and Marcoa DR Group, two units of Diversified Agency Services. The new Rapp Collins Marcoa is the nation's third largest direct-response shop.

Grey Direct also has consolidated its U.S. presence, shutting down its Chicago and San Francisco offices. "It's difficult to maintain a local presence all over the place," Mr. Wiedemann says.

HDM Worldwide Direct, a global joint venture of Eurocom, Dentsu and Y&R, appears to be one of the few direct-response agencies concentrating on U.S. expansion.

In January, the agency acquired Y&R's Stone & Adler, Chicago. And in May, HDM opened a Boston office (*See story on Page S-6*).

Like general ad agencies and sales promotion agencies before them, the direct-response agency acquisition binge of several years ago has left only a handful of sizable, quality independents.

"We plan to remain independent and we hope to grow our business from our own resources and possible acquisitions of our own," says Barry Blau, chairman-ceo of Barry Blau & Partners, the nation's largest independent direct-response shop, with billings of $85 million in 1988, according to AD AGE.

Emerging as a hot commodity are companies offering complementary services like video production, graphic design and lettershops.

While the acquisition binge appears to have subsided for now in the U.S., the consolidations may continue. Some agency execs predict another surge of acquisitions. "There's a new wave of independents cropping up," says Mr. Wiedemann. "Absolutely, at some time the big systems will buy these direct-response agencies.

Mr. Blau believes independents service direct-response clients better than those agencies affiliated with a general ad agency. "Our business is different, we develop direct-response business on our own, we don't get business fed to us," he says. □

INSIDE

Top direct-response shops
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Kasten, Brooks square off
P. S-10, S-11

O&M's direct route to top
P. S-12

No more a fish out of water
P. S-14

Graphic by Avid Productions/Chicago

Top U.S.-based direct-response agencies by volume

Rank 1988	Rank 1987	Agency, headquarters	Total direct response volume 1988	Total direct response volume 1987	DR volume plus internal operations 1988	DR volume plus internal operations 1987	Top DR media as % of '88 direct response volume	Top executive, title	Telephone
1	1	**Ogilvy & Mather Direct**, New York	$272,000	$260,000	$272,000	$260,000	Direct mail/65.6%	Jerome Pickholz, chmn	(212) 340-3500
2	2	**Wunderman Worldwide**, New York	266,133	260,000	266,133	260,000	Direct mail/45.8%	Lester Wunderman, chmn	(212) 909-0100
3	3	**Rapp Collins Marcoa**, New York, N.Y.	236,300	218,600	282,500	256,000	Direct mail/31.1%	David Hefter, chmn	(212) 951-7200
4	4	**Foote, Cone & Belding/Direct**, Los Angeles	169,000	150,600	169,000	150,600	Direct mail/80.2%	Freeman F. Gosden Jr., chmn	(213) 312-7000
5	5	**Direct Marketing Group**, New York	136,700	134,700	152,900	149,800	Direct mail/68.0%	John A. De Pasquale, chmn	(212) 355-2530
6	6	**Grey Direct International**, New York	108,000	92,500	108,000	92,500	Print/29.1%	George Wiedemann, president	(212) 303-2300
7	7	**Kobs & Draft Advertising**, Chicago	90,215	85,278	90,215	85,278	TV/13.4%	Howard Draft, chmn, ceo	(312) 944-3500
8	9	**Barry Blau & Partners**, Fairfield, Conn.	85,304	72,335	85,304	72,335	Direct mail/100.0%	Barry Blau, chmn	(203) 254-3700
9	8	**Chapman Stone & Adler**, New York**	83,646	74,919	83,646	74,919	Direct mail/85.5%	William Sutherland, president	(212) 614-3880
10	15	**Devon Direct Marketing & Advertising**, Malvern, Pa.	66,200	53,000	66,200	53,000	Direct mail/96.8%	Ronald Greene, managing dir	(215) 644-0333
11	12	**Unispond Inc.**, Oakbrook Terrace, Ill.	62,576	57,002	62,576	57,002	Direct mail/72.8%	Gerald E. Graunke, chmn	(312) 932-8400
12	13	**Saatchi & Saatchi Direct**, Rochester, N.Y.	59,148	55,493	61,248	57,643	Direct mail/90.0%	Richard A. Peters, chmn, president	(716) 272-2500
13	17	**Customer Development Corp.**, Peoria, Ill.	58,096	49,786	65,505	54,384	Direct mail/89.6%	Thomas C. Lund, president	(309) 686-1900
14	NA	**HDM Direct Marketing Group**, Los Angeles**	57,042	NA	57,042	NA	Direct mail/67.1%	Murray R. Bowes, ceo	(213) 930-5100
15	16	**Lowe Marschalk**, New York	55,000	51,000	55,000	51,000	Direct mail/50.0%	James D. Johnson, exec vp	(212) 708-8800
16	24	**D.A.D./FKB**, Nashville, Tenn.	54,527	31,656	54,527	31,656	NA	Jim Edwards, chmn	(615) 366-1844
17	14	**McCann Direct**, New York	51,000	54,000	51,000	54,000	Direct mail/45.0%	George Lynaugh, exec vp	(212) 286-0460
18	19	**Lintas: Marketing Communications**, New York, N.Y.	50,939	48,077	50,939	48,077	Print/14.5%	Thomas J. Turner, chmn, ceo	(212) 605-8000
19	18	**Eric Mower & Associates**, Syracuse, N.Y.	50,451	48,776	50,451	48,776	Print/17.1%	Eric Mower, president, ceo	(315) 466-1000
20	11	**Ross Roy Group**, Bloomfield Hills, Mich.*	48,606	57,828	51,706	59,628	NA	Glen W. Fortinberry, chmn	(313) 433-6000
21	10	**McCaffrey & McCall Direct Marketing**, New York	46,480	64,273	46,480	64,273	Print, direct mail/30.0%	Robert Cherins, chmn, ceo	(212) 350-1600
22	21	**D'Arcy Masius Benton & Bowles**, New York	43,727	37,317	43,727	37,317	NA	John S. Bowen, chmn, ceo	(212) 758-6200
23	23	**Ayer Direct**, New York	39,400	33,400	39,400	33,400	Direct mail/99.0%	Jerry Siano, ceo	(212) 708-5000
24	22	**GSP Marketing Services**, Chicago	37,030	35,421	37,030	35,613	Direct mail/9.8%	Richard Grunsten, president	(312) 944-3000
25	NA	**Saugatuck/FKB**, Westport, Conn.	36,591	NA	36,591	NA	NA	Gary W. Oakley, chmn	(203) 226-6042
26	NA	**Della Femina, McNamee WCRS**, New York*	35,265	NA	35,265	NA	NA	Jerry Della Femina, chmn, ceo	(212) 886-4100
27	27	**Russ Reid Co.**, Pasadena, Calif.	34,278	26,000	34,278	26,000	Direct mail/54.7%	Russ Reid, chmn	(818) 449-6100
28	20	**Bozell Direct**, New York	34,100	40,100	34,100	40,100	Print/6.5%	Tim Fenton, president	(212) 727-5000
29	26	**DMCA**, St. Louis	33,087	26,407	48,715	39,316	NA	Michael T. McSweeney, president, ceo	(314) 436-1122
30	28	**Lally, McFarland & Pantello**, New York	30,000	25,000	30,000	25,000	Direct mail/100.0%	Ronald G. Pantello, president, ceo	(212) 532-1000
31	29	**Hill, Holliday, Connors, Cosmopulos**, Boston	28,805	20,798	28,805	20,798	TV/33.4%	Ronnie Cohn, vp dir	(617) 437-1600
32	43	**Leo Burnett Co.**, Chicago*	28,600	12,813	28,600	12,813	NA	Hall Adams, chmn, ceo	(312) 565-5959
33	NA	**Earle Palmer Brown Cos.**, Bethesda, Md.	25,200	NA	25,200	NA	Direct mail/66.3%	Jeb Brown, ceo	(301) 657-6000
34	25	**Lawrence Butner Advertising**, New York	24,088	26,762	24,088	26,762	TV/63.9%	Lawrence Butner, president	(212) 682-3200
35	36	**Kallir, Philips Ross**, New York	23,212	14,734	23,212	14,734	NA	John Kallir, chmn, ceo	(212) 878-3700
36	30	**Steinert & Associates**, New York	21,277	17,208	21,277	17,208	Direct mail/70.0%	Jan Allan Steinert, president, ceo	(212) 889-5000
37	38	**Muldoon Direct**, New York	19,659	14,100	19,659	14,100	Catalogues/2.5%	Katie Muldoon, president	(212) 979-7200
38	37	**Marketing Resources**, Overland Park, Kan.*	19,000	14,250	19,000	14,250	NA	Frank G. Weyforth, president, ceo	(913) 648-8333
39	35	**Admarketing Inc.**, Los Angeles*	18,800	15,000	18,800	15,000	NA	Jack Roth, president, ceo	(213) 203-8400
40	39	**Manus Direct Response**, Seattle, Wash.	18,643	13,220	25,587	18,662	Direct mail/100.0%	Cliff Asplund, president	(206) 325-2200
41	32	**Cramer-Krasselt/Direct**, Chicago	18,409	16,708	18,409	16,708	Print/31.4%	Peter Krivkovich, president	(312) 977-9600
42	31	**Sandven & Associates**, Kansas City, Mo.	18,400	16,900	18,400	16,900	Direct mail/19.8%	Frederick M. Sandven, president	(816) 753-6633
43	51	**Brierley & Partners**, Dallas	17,925	9,675	17,925	9,675	NA	H.M. Brierley, president	(214) 760-8700
44	34	**E. James White Co.**, Falls Church, Va.	17,670	15,170	17,670	15,170	Print/9.1%	E. James White, president	(703) 820-8400
45	44	**Herring/Newman**, Seattle	17,124	12,250	17,124	12,250	Print/24.9%	Phil Herring, president	(206) 343-9654
46	33	**Wakeman & deForrest**, Irvine, Calif.	16,647	15,906	16,647	15,906	Print/4.1%	William W. Junkin, president, ceo	(714) 261-2424
47	41	**Walter Latham Co.**, Broadview, Ill.	16,000	13,000	16,000	13,000	Direct mail/81.3%	Robert Soljacich, president, ceo	(312) 345-8787
48	48	**Wilson Sculley Associates**, St. Louis	14,700	10,100	14,700	10,100	Direct mail/54.0%	Valarie M. Wilson, chmn, ceo	(314) 434-1870
49	42	**Townsend Agency**, Rosemont, Ill.	14,686	12,936	14,686	12,936	Direct mail/88.4%	Gary G. Tillery, chmn	(312) 318-9010
50	53	**Cabot Direct Marketing**, Boston, Mass.	14,634	8,960	14,634	8,960	Direct mail/92.3%	Suzanne Delise, vp, gen. manager	(617) 242-6200
51	NA	**Direct Marketing Agency**, Stamford, Conn.	14,000	NA	14,000	NA	NA	Norman J. Suslock, president, chmn	(203) 325-2800
52	40	**Frank J. Corbett Inc.**, Chicago	12,900	13,218	12,900	13,218	NA	Frank J. Corbett, chmn	(312) 664-5310
53	45	**Tracy-Locke Direct**, Dallas	11,400	11,500	11,400	11,500	Direct mail/100.0%	Phil Slott, chmn, chief cd	(214) 969-9000
54	46	**Griffin Agency**, South El Monte, Calif.	10,904	11,431	10,904	11,431	Direct mail/80.0%	Martha Margowsky, president, ceo	(818) 401-2100
55	50	**Abelson-Taylor Inc.**, Chicago*	10,041	9,891	10,041	9,891	NA	Marvin Abelson, chmn, ceo	(312) 781-1700
56	49	**Gross Townsend Frank Hoffman**, New York*	10,000	10,000	10,000	10,000	NA	Alan Gross, president	(212) 886-3000
57	52	**Hal Langerman Co.**, Blue Bell, Pa.	9,619	9,257	9,619	9,257	Direct mail/100.0%	Hal Langerman, president	(215) 653-0366
58	63	**Nash Direct**, New York	9,558	5,876	9,558	5,876	Direct mail/100.0%	Edward Nash, president	(212) 758-0120
59	NA	**Communique Inc.**, Brookfield, Wis.	9,462	NA	9,462	NA	Direct mail/9.5%	W.T. Mac Arthur, chmn	(414) 785-0400
60	58	**Gillespie Advertising**, Princeton, N.J.	9,200	7,175	9,200	7,175	Print/22.8%	Richard Gillespie, president	(609) 799-6000
61	NA	**Sandage Inc.**, Burlington, Vt.	8,500	NA	8,500	NA	TV/2.0%	Barbara Sauer-Sandage, president	(802) 658-4360
62	61	**Hemmings, Birkholm & Grizzard**, Los Angeles	8,377	6,233	8,377	6,233	NA	Robert L. Hemmings, chmn	(213) 254-6147
63	55	**Colle & McVoy**, Minneapolis	8,145	7,790	8,445	8,040	Direct mail/38.6%	Clarence M. Thompson, chmn, ceo	(612) 851-2500
64	59	**Kleminer Advertising**, New York*	7,900	7,000	7,900	7,000	NA	Albert P. Molinaro, Jr., chmn, ceo	(212) 463-3400
65	65	**Associates & Larranaga**, Minnetonka, Minn.	7,335	5,800	7,335	5,800	Print/15.1%	Bob Larranaga, president	(612) 933-1446
66	60	**Lortz Direct Marketing**, Omaha, Neb.	7,084	6,263	7,084	6,263	Print/81.0%	Gary Lortz, president	(402) 331-5740
67	71	**Fox MMJM Direct**, New York	6,500	4,500	7,476	5,175	Print/92.3%	Neil S. Fox, president, ceo	(212) 683-0002
68	NA	**Sharp Hartwig Direct**, Seattle	6,472	NA	6,837	NA	Direct mail/56.8%	David Sharp, president	(206) 282-6242
69	56	**Huntsinger & Jeffer**, Richmond, Va.	6,433	7,512	6,433	7,512	Direct mail/48.5%	Jerald E. Huntsinger, ceo	(804) 266-2499
70	66	**MMI Direct**, New York	6,219	5,631	6,219	5,631	Direct mail/80.8%	Harry Kraus, president	(212) 581-4692
71	67	**Kern/Mathai Direct Marketing**, Santa Monica, Calif.	6,100	5,202	6,100	5,202	Direct mail/50.0%	Russell Kern, president	(215) 452-0663
72	64	**Smith Lask Associates**, Chicago	5,965	5,844	5,965	5,844	Direct mail/3.1%	Barbara Lask, president, creative dir	(312) 222-1900
73	68	**Sheldon Fredericks Advertising**, New York	5,373	5,128	5,373	5,128	Print/17.1%	Frederick A. Schwartz, president	(212) 867-0110
74	47	**W.B. Doner & Co.**, Southfield, Mich.*	5,319	11,379	5,319	11,379	NA	W.B. Doner, chmn	(313) 354-9700
75	57	**Grant/Jacoby**, Chicago*	5,000	7,350	5,000	7,350	NA	Robert L. Flink, chmn	(312) 664-2055
75	74	**Ronald James Direct**, Englewood, Colo.	5,000	3,700	5,000	3,700	Direct mail/96.3%	James Pennington, president	(303) 793-3400
77	75	**Haynes & Pittenger Direct**, Indianapolis	4,961	3,643	4,961	3,643	Direct mail/69.6%	Thomas J. Haynes, chmn	(317) 262-4800
78	72	**Ally & Gargano**, New York*	4,500	4,000	4,500	4,000	NA	William Luceno, ceo	(212) 688-5300
78	73	**William Douglas McAdams Inc.**, New York*	4,500	3,900	4,500	3,900	NA	Irwin C. Gerson, chmn, ceo	(212) 698-4033
80	82	**Medicus Intercon International**, New York*	4,380	3,236	4,380	3,236	NA	Lawrence J. Lesser, chmn, ceo	(212) 826-0760
81	92	**Girgenti, Hughes, Butler & McDowell**, New York*	4,250	2,400	4,250	2,400	NA	Steven Girgenti, president	(212) 481-7080
82	76	**Direct Marketing Network**, New York	4,219	3,632	4,219	3,632	Direct mail/100.0%	Edwin Forti, president	(212) 247-5847
83	54	**Ketchum Communications**, Pittsburgh	4,162	7,817	4,162	7,817	NA	William H. Genge, chmn, ceo	(412) 456-3500
84	69	**Creative Direct Marketing Group**, Torrance, Calif.	4,159	4,786	4,159	4,786	Direct mail/84%	Craig Huey, president	(213) 212-5727
85	62	**Ephron, Raboy & Taao Advertising**, New York*	4,131	5,924	4,131	5,924	NA	Dick Raboy, chmn, ceo	(212) 463-6900
86	101	**Rosenfeld, Sirowitz, Humphrey & Strauss**, New York*	4,000	2,000	4,000	2,000	NA	R. Rosenfeld/L. Sirowitz/H. Strauss, chmn	(212) 505-0200
87	88	**Martin A. Lave Marketing**, Indianapolis*	3,916	2,663	3,916	2,663	NA	Martin A. Lave, president	(317) 872-0971
88	NA	**Directech Inc.**, Lexington, Mass.	3,868	NA	3,868	NA	NA	Barry Silverstein, president	(617) 861-9797
89	70	**Peter Vane Advertising**, New York	3,809	4,686	3,809	4,686	Direct mail/73.5%	Peter Vane, president, ceo	(212) 679-8260
90	83	**Sader & Associates**, New York	3,800	3,150	3,800	3,150	TV/42.2%	Archie A. Sader, president	(212) 725-0770
91	99	**Target-Sales Response Marketing**, San Francisco	3,675	2,014	3,675	2,014	NA	Robert E. Blomquist, managing dir	(415) 398-2669
92	84	**Shaughnessy MacDonald**, Elk Grove, Ill.	3,668	3,140	3,668	3,140	Print/92.8%	David Shaughnessy, chmn	(312) 437-8850
93	81	**Bernstein & Sucherman**, Chicago	3,631	3,301	3,631	3,301	Print, direct mail/29.1%	Ronald Bernstein, chmn, ceo	(312) 440-3700
94	85	**William R. Biggs/Gilmore Associates**, Kalamazoo, Mich.	3,509	3,065	4,189	3,625	Print/9.8%	Ronald Davis, president, ceo	(616) 349-7711
95	78	**Al Paul Lefton Direct Co.**, Philadelphia	3,500	3,400	3,500	3,400	Direct mail/100.0%	Al Paul Lefton, Jr., president	(212) 867-5100
96	79	**Sacks & Rosen**, New York*	3,400	3,400	3,400	3,400	NA	Leonard Sacks, president	(212) 826-4004
97	NA	**Pihas Schmidt Westerdahl Co.**, Portland, Ore.	3,336	NA	3,336	NA	Direct mail/85.3%	John S. Pihas, president	(503) 279-4000
98	106	**David Deutsch Associates**, New York	3,300	1,701	3,300	1,701	Direct mail/56.1%	David Deutsch, chmn	(212) 867-0044
99	90	**Slater Hanft Martin**, New York*	3,287	2,436	3,287	2,436	NA	Gerold Martin, chmn	(212) 674-3100
100	107	**Dahlin Smith White**, Salt Lake City*	3,278	1,647	3,278	1,647	NA	John D. Dahlin, president	(801) 364-0919

Notes: Dollars are in thousands. 1987 ranking based on 1987 figures provided for this report. * Indicates listing obtained from media breakout section of questionnaires supplied for the Agency Income Report (AA, March 29). ** Chapman Stone & Adler in January sold Stone & Adler, Chicago to HDM Worldwide. S&A volume is included in No. 9, CS&A, now called Chapman Direct Advertising, and also is included in No. 14, HDM Direct Marketing Group. See Page S-4 for methodology.

AA chart: Kevin Brown

Top U.S.-based direct-response agencies by volume *(con't.)*

Rank 1988	Agency, headquarters	Total direct response volume 1988	1987	% chg
101	**Beaumont, Heller & Sperling**, Reading, Pa.*	$3,074.2	$2,357.4	30.4
102	**Lois/GGK New York**, New York*	3,000.0	NA	NA
103	**Karl Rove & Co.**, Austin, Texas	2,950.0	3,500.0	(15.7)
104	**Berenson, Isham & Partners**, Boston	2,712.5	2,434.9	11.4
105	**Carmichael Lynch**, Minneapolis	2,708.0	2,261.0	19.8
106	**Aragon Sales Development Services**, St. Louis	2,650.0	3,310.0	(19.9)
107	**Advertising, Boelter & Lincoln**, Madison, Wis.	2,608.5	2,370.8	10.0
108	**Robert J. Scott Associates-Direct Mail Plus**, Indianapolis*	2,501.3	1,420.7	76.1
109	**Mullen Advertising**, Wenham, Mass.*	2,500.0	2,233.0	12.0
110	**Kilgannon Group**, Atlanta	2,477.5	NA	NA
111	**J. Richard Smith Ltd.**, Old Bethpage, N.Y.*	2,385.0	2,900.0	(17.8)
112	**Barnum Communications**, New York*	2,257.3	2,269.3	(0.5)
113	**Jack Levy & Associates**, Chicago*	2,222.5	2,479.6	(10.4)
114	**Taurus Marketing**, Hampton, N.H.	2,100.0	2,700.0	(22.2)
115	**J.W. Prendergast & Associates**, New York	2,000.0	2,400.0	(16.7)
115	**S.J. Weinstein Associates**, New York*	2,000.0	2,000.0	0.0
117	**Kresser, Craig/D.I.K.**, Los Angeles	1,983.0	1,224.1	62.0
118	**Liggett-Stashower**, Cleveland*	1,919.2	1,741.0	10.2
119	**McKinney & Silver**, Raleigh, N.C.	1,761.0	2,000.0	(12.0)
120	**Emerson Marketing Agency**, New York	1,754.0	NA	NA
121	**Haddon Advertising**, Chicago*	1,750.0	1,500.0	16.7
122	**Warren Kremer Advertising**, New York*	1,725.0	1,900.0	(9.2)
123	**Launey, Hachman & Harris**, New York	1,721.0	1,621.0	6.2
124	**Soghigian & Macuga Advertising**, Washington*	1,712.8	1,612.0	6.3
125	**Clarity Coverdale Rueff Advertising**, Minneapolis*	1,580.0	1,570.0	0.6
126	**Eisner & Associates**, Baltimore*	1,575.0	1,475.0	6.8
127	**Intercommunications Inc.**, Newport Beach, Calif.*	1,573.4	1,410.3	11.6
128	**Hallowell Associates**, Burlington, Vt.	1,557.2	993.7	56.7
129	**Rolf Werner Rosenthal**, New York*	1,500.0	1,250.0	20.0
130	**Harris Brandt Advertising**, Woodmere, N.Y.	1,465.2	NA	NA
131	**MARC Direct**, Pittsburgh	1,457.3	811.2	79.7
132	**Felix Ruslin Direct Response**, Chicago	1,425.0	650.0	119.2
133	**Ad Hoc Marketing Resources**, New York	1,416.9	1,553.3	(8.8)
134	**McConnaughy Barocci Brown**, Chicago*	1,400.0	NA	NA
135	**Stone & Simons Advertising**, Southfield, Mich.*	1,356.4	1,320.1	2.8
136	**Gilbert, Whitney & Johns**, Whippany, N.J.*	1,280.0	1,010.0	26.7
137	**Fogarty & Klein**, Houston*	1,250.0	519.6	140.6
138	**CDHM Advertising**, Stamford, Conn.*	1,200.0	NA	NA
138	**Pool/Sarraille Advertising**, Los Angeles*	1,200.0	NA	NA
140	**Rizzo Simons Cohn**, Boston*	1,127.0	538.0	109.5
141	**Margeotes Fertitta & Weiss**, New York*	1,120.0	1,275.0	(12.2)
142	**Smith/Greenland**, New York*	1,101.0	1,010.0	9.0
143	**Moreno Design**, Quincy, Mass.	1,038.3	524.9	97.8
144	**Geer, DuBois**, New York*	1,000.0	1,000.0	0.0
144	**Keroff & Rosenberg Advertising**, Chicago*	1,000.0	600.0	66.7
146	**Wyse Direct**, Cleveland	933.8	NA	NA
147	**Marketing Place/MDA West**, Sun Valley, Calif.	918.6	570.1	61.1
148	**AC&R Advertising**, New York*	900.0	1,100.0	(18.2)
148	**Dudnyk Co.**, Horsham, Pa.*	900.0	800.0	12.5
148	**Long, Haymes & Carr**, Winston-Salem, N.C.*	900.0	1,500.0	(40.0)
151	**Henderson Advertising**, Greenville, S.C.*	876.0	956.0	(8.4)
152	**Group 243**, Ann Arbor, Mich.*	875.0	1,450.0	(39.7)
153	**Ruhr/Paragon**, Minneapolis*	873.0	790.0	10.5
154	**Mintz & Hoke**, Avon, Conn.*	830.0	1,185.0	(30.0)
155	**Smith & Yehle**, Kansas City, Mo.*	801.2	797.2	0.5
156	**Lyons Inc.**, Wilmington, Del.*	800.0	928.4	(13.8)
156	**McCaffery & Ratner**, New York*	800.0	NA	NA
158	**Creswell, Munsell, Fultz & Zirbel**, Cedar Rapids, Iowa*	792.2	NA	NA
159	**Smith Burke & Azzam**, Baltimore*	750.0	1,630.5	(54.0)
160	**Dorland & Sweeney**, Philadelphia	700.0	160.0	337.5
161	**Earle Bower Associates**, New York	688.2	701.1	(1.8)
162	**Penny/Ohlmann/Neiman**, Dayton, Ohio*	683.4	443.9	54.0
163	**MarketAide Inc.**, Salina, Kan.*	675.5	987.1	(31.6)
164	**Blaisdell & Westlie**, St. Paul, Minn.*	650.0	500.0	30.0
164	**Harris & West Advertising**, Minneapolis*	650.0	NA	NA
164	**Roggers, French & Co.**, Newport Beach, Calif.*	650.0	489.5	32.8
167	**John Risdall Advertising**, New Brighton, Minn.*	645.0	411.0	56.9
168	**Partners & Shevak**, New York*	632.0	1,952.0	(67.6)
169	**Larkin, Meeder & Schweidel**, Dallas*	606.5	388.4	56.2
170	**R.F. Broadus & Associates**, Atlanta	585.0	406.8	43.8
171	**S.R. Knapp Associates**, Arlington Hts., Ill.*	562.2	395.3	42.2
172	**Waldbillig & Besteman**, Madison, Wis.	560.0	554.0	1.1
173	**BBDM Advertising**, Chicago*	526.8	NA	NA
174	**Keyes Martin Gaby Linett**, Springfield, N.J.*	$525.0	$537.0	(2.2)
175	**Marquardt & Roche**, Stamford, Conn.*	520.7	522.9	(0.4)
176	**Vickers & Benson/FQB**, Buffalo*	485.6	421.3	15.3
177	**Warner, Bucking & Fenwick**, New York*	477.0	600.0	(20.5)
178	**Pedone & Partners**, New York*	450.0	NA	NA
179	**CTS Associates**, Detroit	435.5	340.2	28.0
180	**DFK Advertising**, New York*	435.0	412.5	5.5
181	**Elkman Advertising**, Bala Cynwyd, Pa.*	420.9	1,445.5	(70.9)
182	**Kolon, Bittker & Desmond**, Troy, Mich.*	400.0	260.0	53.8
183	**Ken Schmidt Co.**, Milwaukee*	390.0	300.0	30.0
184	**Emerson Lane Fortuna**, Boston*	356.0	308.0	15.6
185	**Lohmeyer Simpson Communications**, Morristown, N.J.*	325.0	325.0	0.0
186	**Newmark, Posner & Mitchell**, New York*	320.0	215.0	48.8
187	**Hallmark Advertising**, Pittsburgh*	314.0	220.0	42.7
188	**Giardini/Russell**, Watertown, Mass.*	301.0	273.0	10.3
189	**Charnas Inc.**, Glastonbury, Conn.*	300.0	200.0	50.0
190	**McKinney Inc.**, Philadelphia*	281.3	297.9	(5.6)
191	**Haller Schwarz**, Los Angeles*	277.8	261.4	6.3
192	**Greenwald/Christian Advertising**, Philadelphia*	276.0	220.8	25.0
193	**Hume Sindelar & Associates**, Miami*	250.1	50.0	400.1
194	**Adair-Greene Advertising**, Atlanta	238.0	85.3	179.0
195	**Smith Badofsky & Raffel**, Chicago*	233.8	244.8	(4.5)
196	**Fitzgerald & Co.**, Atlanta*	226.9	217.2	4.4
197	**Concepts & Strategies**, Westport, Conn.*	222.8	NA	NA
198	**Scharfberg & Associates**, Jenkintown, Pa.*	209.0	285.0	(26.7)
199	**Adelante Advertising**, New York	205.0	200.0	2.5
200	**Christopher Thomas/MullerJordanWeiss**, New York*	200.0	NA	NA
200	**Albert Frank-Guenther Law**, New York*	200.0	200.0	0.0
200	**Grant Marketing Communications**, Conshohocken, Pa.*	200.0	200.0	0.0
200	**Stan Merritt Inc.**, New York*	200.0	210.0	(4.8)
200	**Qually & Co.**, Chicago*	200.0	NA	NA
205	**MSA Advertising**, Philadelphia	174.5	134.5	29.7
206	**Stimpson-Clarke Advertising**, Seattle*	169.6	171.8	(1.3)
207	**AdCorp International Hawaii**, Honolulu*	161.2	35.5	354.0
208	**Birdsall-Voss & Associates**, Mequon, Wis.*	160.0	NA	NA
209	**Communication & Design Agency**, Latham, N.Y.*	159.4	11.4	1,303.7
210	**Arnold & Co.**, Boston*	151.9	135.7	12.0
211	**KK&M Advertising**, Boston*	150.0	170.0	(11.8)
212	**Rich, Gardner Advertising**, Atlanta*	140.0	NA	NA
213	**Laven, Fuller & Perkins**, Chicago	136.6	143.9	(5.1)
214	**Breakstone & Hughes Co.**, Greenwich, Conn.	125.0	100.0	25.0
215	**Hautigan Advertising**, Chicago*	120.0	74.0	62.2
216	**LH Advertising Agency**, Scarsdale, N.Y.	100.0	NA	NA
217	**Tri-State Advertising Co.**, Warsaw, Ind.*	78.1	60.7	28.6
218	**J.P. Hogan & Co.**, Knoxville, Tenn.*	69.9	16.5	323.5
219	**Wyble Advertising**, Millville, N.J.	64.5	NA	NA
220	**Humphrey, Herbert & Aiber**, Pittsburgh*	63.5	NA	NA
221	**Valiquette & Shamon**, Burlington, Vt.*	60.0	NA	NA
222	**MacDonald Boyd White**, Boston*	53.5	NA	NA
223	**Noble Arnold & Associates**, Schaumburg, Ill.*	53.0	NA	NA
224	**White, Good & Co.**, Lebanon, Pa.*	50.4	40.5	24.4
225	**Stiegler, Wells & Brunswick**, Hillsdale, N.J.*	50.0	NA	NA
226	**DK Group**, Hillsdale, N.J.	49.6	NA	NA
227	**Poindexter Associates**, Roanoke, Va.*	48.5	67.6	(28.2)
228	**Shelly Berman Communicators**, Westerville, Ohio*	45.0	40.0	12.5
229	**Asher Agency**, Fort Wayne, Ind.*	40.0	32.0	25.0
230	**Harris & Love Advertising**, Salt Lake City*	32.2	31.6	2.0
231	**NKH&W Marketing Communications**, Kansas City, Mo.*	30.0	27.0	11.1
232	**Praco Ltd.**, Colorado Springs, Colo.*	28.8	NA	NA
233	**Fraser Advertising**, Atlanta	28.7	NA	NA
234	**Tepe, Hensler & Westerkamp**, Cincinnati*	26.9	23.2	15.9
235	**Bauer Communications**, Chicago*	25.0	13.0	92.3
236	**James & Thomas**, Chicago*	23.6	34.8	(32.3)
237	**Blair Advertising**, Rochester, N.Y.*	23.0	37.5	(38.6)
238	**Estey-Hoover**, Newport Beach, Calif.*	18.1	13.5	34.2
239	**Creel Associates**, Oak Brook, Ill.*	17.4	6.8	153.9
240	**Dennis R. Green Associates**, Southfield, Mich.*	17.2	15.1	14.0
241	**Rosenthal, Greene & Campbell**, Bethesda, Md.*	13.8	NA	NA
242	**Covey & Koons**, Canton, Ohio*	10.0	NA	NA
243	**Bulloch & Haggart Advertising**, Colorado Springs, Colo.*	8.8	6.3	39.0
244	**Leff & Squicciarini Advertising & PR**, Columbus, Ohio*	6.3	56.5	(88.9)
245	**William Mills Advertising & Marketing**, Atlanta*	5.0	42.6	(88.3)
246	**Landers & Partners**, St. Petersburg, Fla.*	1.5	15.2	(89.9)

Notes: Dollars are in thousands. **Methodology:** Data on agencies ranked in this issue were obtained through two different questionnaires, one sent to direct response agencies and another to advertising agencies with direct response billings. Rankings were based on total volume (capitalized billings) of the direct response agencies and media totals of ad agencies with direct response operations. That number is labeled "direct response volume" in the chart. An ad agency whose ranking is based on its direct response media is identified with an asterisk (*). Internal operations such as catalogue printing, data base, letterpress or telemarketing operations were excluded from volume totals on which rankings were based.

AA chart: Kevin Brown

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One + one = 'third advertising'

HDM adds two disciplines and comes up with an equation for stunning growth

By Alison Fahey

HDM Direct Marketing Group is on the fast track, reaching $78 million in worldwide billings in its first year of operation. "We could easily go over $100 million in 1989," projects Chairman-CEO Murray Bowes.

HDM's growth has "certainly exceeded my expectations," he says, adding its success stems from filling a void in the marketplace.

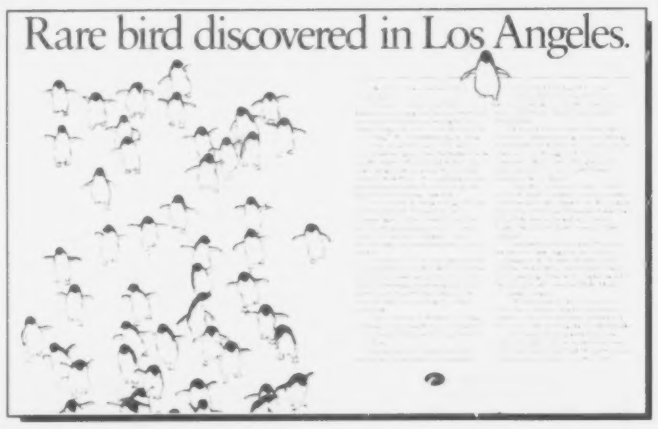
HDM employs a philosophy called "the third advertising," a term coined by Mr. Bowes that refers to the marriage of general awareness advertising and direct marketing.

While direct-response advertising is known for its measurability, it often is criticized for lacking creative inventiveness. HDM's goal is to shatter that perception.

"We take creative here more seriously" than at other direct-response agencies, says one staffer.

"We're so different from other di-

HDM touts teamwork in ads, claiming "the account group and creative department actually talk to one another."



rect-response agencies," Mr. Bowes says. "We've taken the strategic and creative principles of general advertising and combined them with the transactional elements of direct response."

At least one HDM client says the agency is living up to its claims. "The early creative that I've seen is really, really good work," says Hal Logan, director of Smart Resource Center and marketing services at Pacific Bell Directory.

While most direct-response agencies recognize the need to switch from a tactical to a strategic approach, attracting clients has proved difficult. But HDM, born with that philosophy, appears to have a head start. And the agency plans to adhere to its philosophy even in the face of adversity.

For example, HDM resigned two clients who resisted the agency's strategic approach. "It was a very tough decision. [The clients] wanted that tactical, down-and-dirty direct-marketing approach," Mr. Bowes says. "But from the first day we said we weren't going to approach this business the same way as other direct-response agencies."

As a result, HDM lost a crucial $2 million in business.

Mr. Bowes says he has no regrets. "Clients like to perceive their agencies as ones with substance."

When HDM Worldwide Direct, Los Angeles, picked up another account last month it marked HDM's sixth piece of new business since January. The new accounts combined have generated about $12 million in billings, says Mr. Bowes, who also is chairman of HDM Direct Marketing Group.

Ending 1988 with $57 million in U.S. billings, HDM—a global joint venture of Young & Rubicam, Dentsu and Eurocom—is the 14th largest U.S. direct-response shop, according to ADVERTISING AGE.

In addition to grabbing the Fondo Mixto de Promocion Turista de Acapulco and Pacific Bell accounts, HDM also won business this year from Dow Corning, Dauntless Marketing, Los Angeles Music Center and International Videocassette Marketing. Other HDM clients include Nintendo, Du Pont, Amoco, American Medical Association and American Suzuki Motor Corp.

As HDM builds its client base, it also is expanding geographically. On May 8, the agency opened a Boston office led by Richard Hill, former VP-new business, HBM/Creamer Direct, Boston.

HDM's individual offices are kept small by design, ranging between 25 to 40 people.

"Our philosophy attracts the right kind of people," Mr. Bowes says. "Everyone's voice counts. We refer to this agency as an agency that is all crew and no passengers."

At least one HDM staffer agrees. "This place is small enough so that no one has a place to hide."

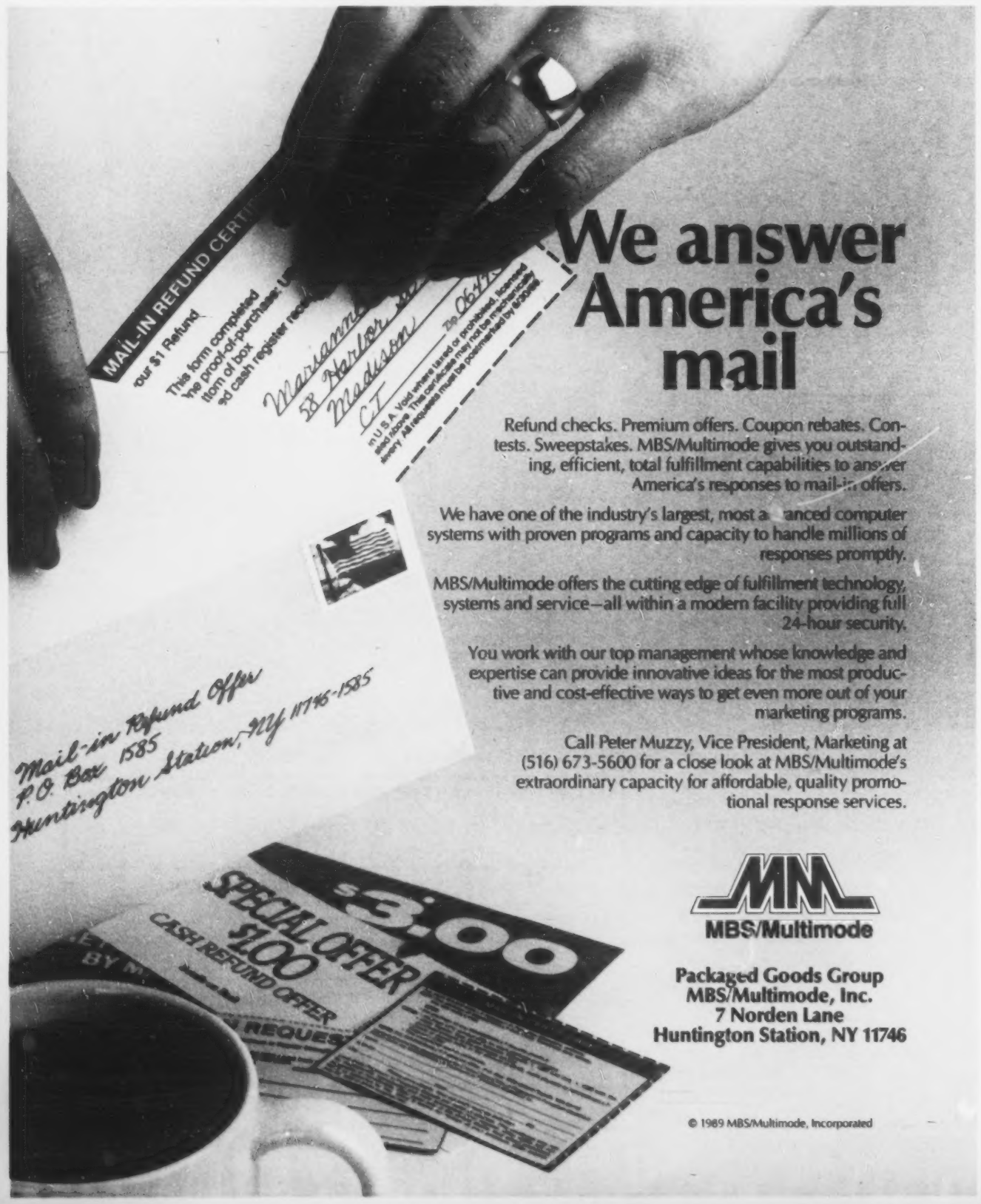
Both Mr. Bowes and working conditions at HDM are said to be "intense," but staffers appear to like it that way and take pride in the results.

HDM is now looking to transport its philosophy overseas where it is hoping to gain a stronger presence. It currently has offices in Paris and Hong Kong, says Mr. Bowes.

HDM's U.S. offices are in Los Angeles, New York, Boston and Chicago, where it bought Young & Rubicam's Stone & Adler in January. That acquisition is what most boosted the agency. Stone & Adler's billings of $35 million represent the lion's share of HDM's U.S. billings, says Stone & Adler CEO Craig Thomas. Rumors are circulating that HDM may still be pursuing acquisitions in the U.S.

HDM projects its 1989 U.S. billings will surpass $70 million, a more than 20% increase.

"In terms of major markets in the U.S., we're there and we're a major player," Mr. Bowes says. □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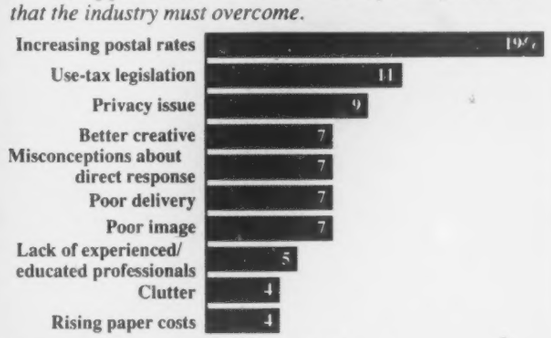
Taxing situations: Regulatory concerns rise

In a survey of 86 direct-response agency executives, increasing postal rates stands out as the primary obstacle that the industry must overcome.



Source: Advertising Age survey Advertising Age graphic: John Hall

Combatants square off on 'use-tax' bills

Efforts to force direct marketers to widen tax collection role called everything from 'harmful' to 'only fair' by congressmen

Sen. Robert Kasten sees the 'use-tax' bill as being unconstitutional.

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Worst idea yet this year on taxes, says Sen. Kasten

By Robert W. Kasten Jr.

Probably the worst tax idea to come out of Congress so far this year has been a proposal that we turn America's mail-order companies into tax collectors for each state in which they have customers.

One proposed bill would require direct-marketing companies to collect taxes from customers in 46 states and the District of Columbia. Under current law, these mail-order companies only have to collect taxes on items they sell and ship to customers in their own states.

This proposal isn't just harmful to the 88 million Americans who shop at home. It's harmful to the economy as a whole. And it's unconstitutional. The Supreme Court has ruled twice in the last 50 years that states have no right to ask out-of-state sellers to collect state sales taxes. These rulings are based on the liberty of interstate commerce guaranteed by the Constitution.

If the congressional proponents of this new tax succeed in passing their bill, it's going to mean higher prices and more inconvenience for the users of mail-order services. And that means the elderly, the disabled and rural residents will be hit especially hard, because [they] tend to be especially reliant on mail-order businesses for necessary purchases.

These [consumers] use mail order because of its simplicity. Under the proposed "use-tax" legislation, consumers would be forced to contend with an intricate maze of state tax calculations. Goodbye simplicity, hello $14.95 + ($14.95 × 0.08) = your price. This tax would impose an even harsher cost on another group —those who rely on the mail-order business for their livelihood.

There are about 1,000 companies

Sen. Robert W. Kasten Jr. (R., Wis.) recently joined the Direct Marketing Association in its fight against the interstate tax bill by introducing a resolution in the U.S. Senate in opposition to what has been tagged the "abuse tax."

in America that would be hurt by this tax proposal—and that means real hardship for them and their employees. It's a bad idea concocted by state legislators eager to turn distant companies into tax collectors for their state treasuries.

I have a suggestion for these lawmakers: Don't go behind your constituents' backs and try to get out-of-state companies to do your dirty work. Go to the people and let them decide whether your state treasury really deserves more tax revenues.

The use-tax proposal is an unnecessary and unfair burden on millions of Americans. I've introduced a resolution in the Senate asking all senators to oppose it.

The choice is clear on this issue. All that's necessary now is for the people to make their voices heard. □

Jarvis Grant

Rep. Jack Brooks wants to close what he sees as a loophole in the law.

Inequitable load on local retailers, says Rep. Brooks

By Jack Brooks

America's Main Street retail merchants are unfairly being forced to compete with one arm tied behind their backs against out-of-state mail-order giants.

A loophole in the law is allowing mail-order retailers to avoid collecting and remitting sales taxes, while local merchants are penalized for their honesty in doing just that. I am supporting legislation to straighten out this perverse and unfair situation by closing the interstate tax loophole.

Currently, all states that levy a sales tax require merchants in that state to collect the tax and remit it to the state or local government. In addition, an equivalent tax—generally called a "use" tax—is levied on goods sold and delivered to state residents by out-of-state or mail-order companies.

Multi-state companies such as Sears, Roebuck and J.C. Penney routinely collect and remit such sales taxes for all states on their mail-order sales.

However, a 1967 Supreme Court decision prevents states from requiring out-of-state companies to collect the tax if a company maintains no retail outlet in the state. As a result of this loophole, the out-of-state tax goes uncollected.

Honest local retailers start out at a competitive disadvantage of as much as 8% against mail-order dealers from Maine to California, and state and local governments suffer a revenue loss that is estimated at $2.9 billion annually. That revenue has to be made up by other, higher taxes on local citizens.

Legislation that I am proposing to close this loophole would not impose any new tax, and it would not increase any taxes. Rather it would enable the collection of the *existing* tax. States could require the collection of taxes on interstate sales if the retailer engages in "regular or systematic soliciting of sales" in that state.

The bill would apply only to the largest interstate retailers—those with gross sales of over $12.5 million annually or $500,000 in a particular state.

It is intended to make sure that the mail-order companies do what they should be doing: paying the taxes they owe.

Nobody likes to pay taxes, and it is predictable that the mail-order lobby would be unhappy about the possibility of giving up this unfair competitive edge. But, when a tax exists, it should be applied equitably—in this case, both on in-state and out-of-state sales.

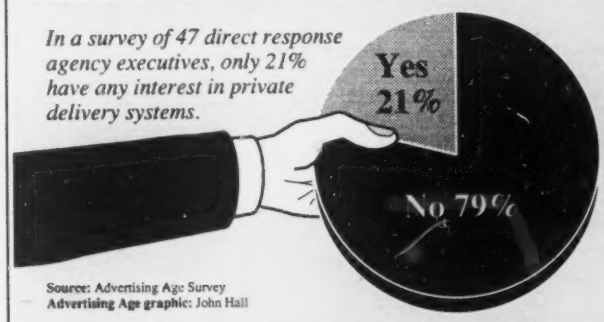
Closing the interstate tax loophole will provide an even break for the local merchants across the nation who provide jobs and services to our local residents and who pay the taxes that support our hometown schools, police departments and other services.

Ending this inequity will correct a real abuse in our state and local tax system. □

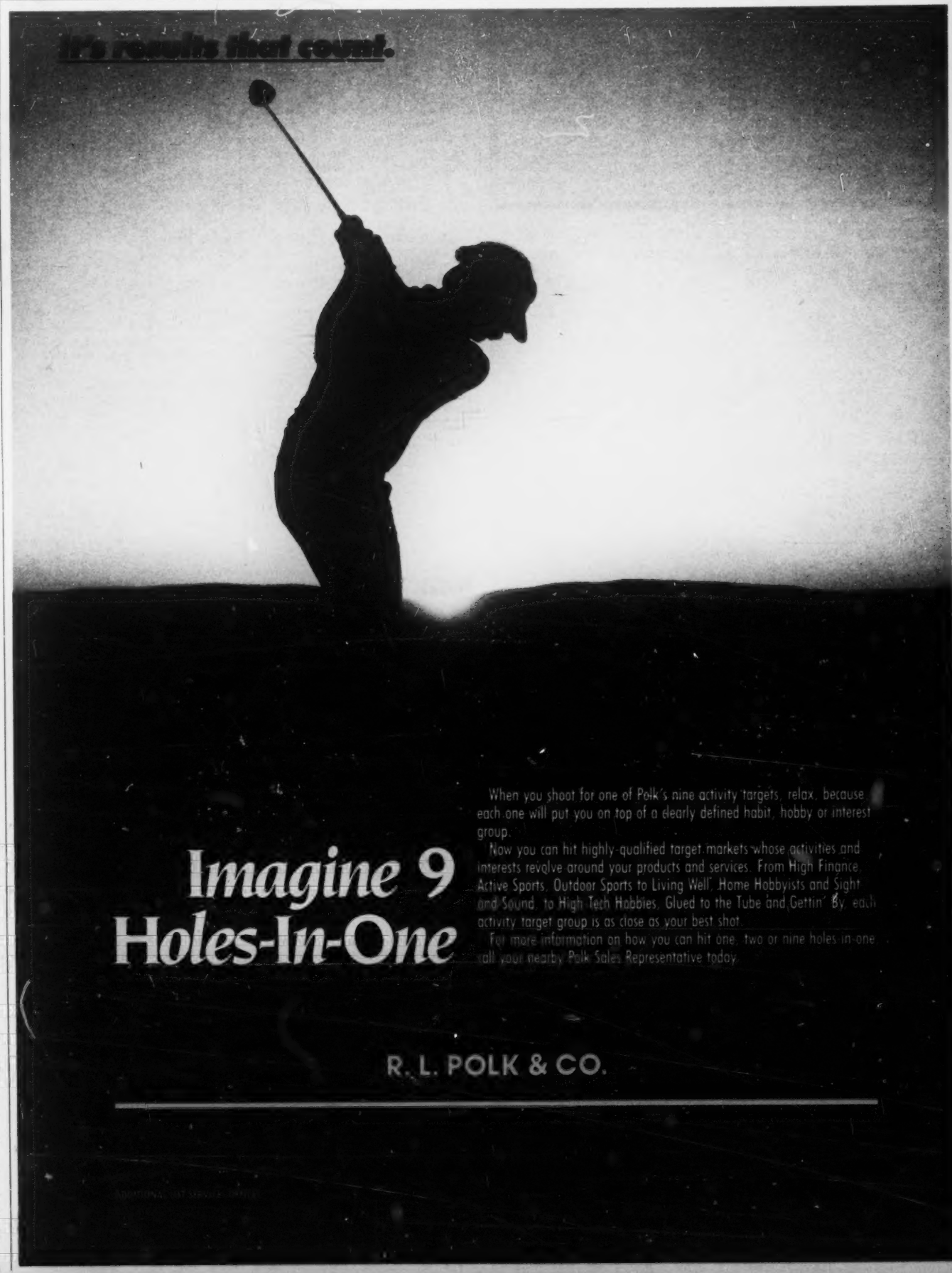
U.S. Rep. Jack Brooks, (D., Tex.), chairman of the House Judiciary Committee, introduced the interstate tax bill in October 1987, but it failed to be called before the House adjourned last year. Rep. Brooks will reintroduce the legislation this year.

Private delivery doesn't rate

In a survey of 47 direct response agency executives, only 21% have any interest in private delivery systems.



Source: Advertising Age Survey
Advertising Age graphic: John Hall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O&M takes direct route to the top

Package deal: Finance, products fuel growth

In a survey of 120 direct-response agency executives, finance, package goods and business-to-business marketing efforts topped the list of advertising categories that are providing growth for direct marketers.

Source: Advertising Age survey **Advertising Age graphic:** John Hall

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Jerry Pickholz sees problems with mergers, targets healthcare and overseas as areas for growth in direct response

By Leslie Gilbert

Jerry Pickholz, chairman of Ogilvy & Mather Direct, has seen his agency grow from a handful of people writing direct mail ads to the largest direct-marketing agency in the world with 46 offices worldwide and 1988 billings of $272 million, according to ADVERTISING AGE.

But O&M Direct mirrors the fortunes of direct marketing in general. Its 4.6% growth rate from 1987 to 1988 illustrates direct marketing's boom days in the U.S. may be over.

But an optimistic Mr. Pickholz says plenty of growth opportunities remain. "The growth in Europe has been phenomenal," he says, adding that package goods, healthcare and financial services can fuel domestic growth.

"Are there growth opportunities? Yes. Can we get to them? The answer is yes—with a lot of work," says Mr. Pickholz.

To maintain its No. 1 position, O&M has developed an intensive employee training program, and is working on a software program for data base marketing. It also is conducting studies on market segments such as the over-50 market.

"For a few years now I've recognized [the over-50 group] because I happen to be in it," he says. "Ogilvy just did a study last year and we're adapting it now to direct marketing to the over-50 market. From an institutional point of view it's relatively new."

Mr. Pickholz' formula for success: Provide services "not available from other suppliers and to do terrific work for your clients."

Leslie Gilbert is a New York-based free-lance writer.

Doug Goodman

O&M Direct Chairman Jerry Pickholz says that while some major companies have $1 billion ad budgets, direct marketing is still "other" on the list of activities.

AA: *How do you explain the apparent slowdown in direct marketing growth?*

Mr. Pickholz: Without a doubt the growth rate has tapered off if you compare 1988 to 1978. That's because in 1978 there was virtually no industry.

In the early 1980s we had growth rates of 25%, 30%, 40%, which were all very healthy. You had real growth, and you also had an explosive entry into direct marketing by a number of different companies and industries that fueled inflated growth.

AA: *Your agency had a little less than 5% growth last year. Is that satisfactory in the current business environment?*

Mr. Pickholz: Now virtually every agency has a direct-reponse arm. There are much higher billing levels as well.

When you add 5% or 10% [growth] on that base there's nothing shabby about total dollars.

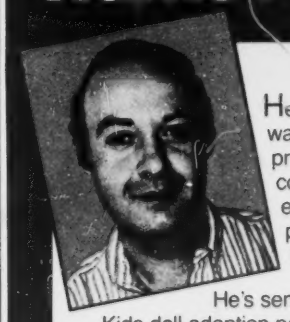
So when you look at the numbers it's a question of what standards you set. If you want to see 30% increase, sorry, I've disappointed you. But if you want to see $10 million increase in absolute numbers, we've delivered.

AA: *We've seen internal start-ups, acquisitions and mergers. Is one formula most effective for agency* growth?

Mr. Pickholz: The advantage in growing your own is the corporate culture. For an agency without a direct-response division to grow its own now means they'd have to catch up and that's a disadvantage.

Stone & Adler was founded by one of the great people in direct

Jim Mehern Wants Fulfillment



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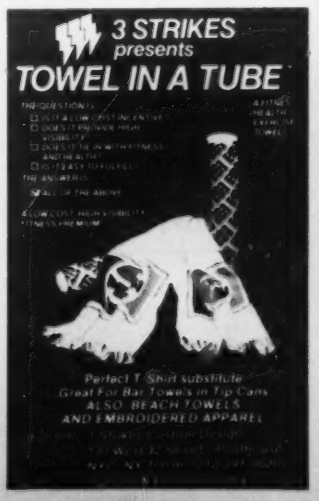

marketing, Bob Stone. But the agency, in my opinion, never really acquired the Y&R culture. Now they were sold [to HDM Worldwide] and I don't know how they're going to do, but it strikes me as less than perfect.

We have acquired agencies, and there's always a degree of luck in choosing the right partners.

AA: *What about competing agencies that merge such as Marcoa and Rapp & Collins?*

Mr. Pickholz: I've not seen that take root yet. I've seen a lot of agonizing there. Ask them. I've not seen great things come out of that combination.

AA: *Where are new client opportunities?*

Mr. Pickholz: By and large, package-goods [marketers] are still tinkering [with direct response]. They don't have big budgets, major commitments and direct marketing efforts even remotely comparable to their television advertising. So they're not there yet.

The question is why haven't they gotten there? First, we succeed in direct marketing by getting the advertiser to deal directly with the consumer. The package-goods manufacturer deals with a middleman, namely the supermarket, who deals with the consumer.

Second, we deal with a very low margin, frequently replenished product. You can't spend a lot on direct marketing to generate that kind of dollar volume.

I think the direct marketer should be the entity closest to the consumer, and that's the supermarket.

AA: *More co-op advertising?*

Mr. Pickholz: Supermarkets have available data that lends itself to more personalized promotions. They can identify dog owners ... find the families with babies. All that data is available, and it's not being incorporated into their promotions.

Now, why should they spend all that money? To generate higher profit margins. Does it make economic sense? Maybe not. Unless they co-op it with the manufacturer, so the manufacturer who's selling dog food subsidizes the supermarket's finding dog owners.

When you put that whole package together maybe then you have the formula to capture the largest group of advertisers who are not using direct marketing now.

AA: *Are you convincing your package-goods clients that they should be doing this?*

Mr. Pickholz: They're all so secretive, they don't like us discussing it. But the answer is yes, we're doing it. It looks as though it works but I would still call it experimental. Some of the major companies have $1 billion advertising budgets. This is still "other" on their list of activities.

AA: *What are some the other growth categories?*

Mr. Pickholz: The aging of America has opened up new segments of the population that have been neglected by marketers. The people who are 50 to 62 are in their highest earning capacity and are probably benefiting from their children who have finished college and moved out on their own. They eat out a lot, they travel, they buy quality, they buy value-added.

Then you have the 63 and over people who have a whole other set of interests and concerns.

AA: *Are there any new industries that we can expect to push into direct marketing?*

Mr. Pickholz: Healthcare is a major factor. This may be a subset of the aging of America, but I think it's important.

More and more companies are reluctant to extend healthcare beyond retirement age because of the enormous cost. Those people, who need that care more than anyone else, are finding less and less available through company resources.

It's a whole category, maybe under the heading of financial services, where we are finding growth.

The environment is another issue. We have Kinetico Co., a water purifier, as a new client.

Water may be the utility of the 21st century, and it may be as critical a subject then as fuel oil was in the 1970s. Changes in the physical environment, the demographic environment, the technological environment ... all of those things feed the business.

AA: *What kinds of changes and growth do you see for direct marketing worldwide?*

Mr. Pickholz: We now have 46 offices. [The most recent openings are in Lisbon, Athens, Istanbul, Taipei.] If you think that the U.S. is the leader [in direct marketing] and the rest of the world follows then you are an American chauvinist. It just isn't so.

In Europe, they are extraordinarily sophisticated. They do a much better job of list compilation and list maintenance.

Now that there's more commercial television in Europe, we're doing pan-European direct-response advertising for American Express. We use the same TV commercial with different language voiceovers and different telephone numbers.

AA: *Have you encountered places where consumers are uncomfortable with direct marketing?*

Mr. Pickholz: We sort of paper train them. You don't go out and mail a Sears catalog in Bangkok and hope they'll buy.

We dole it out and increase the volume as the evidence of success accelerates.

AA: *What kind of potential is in the Far East?*

Mr. Pickholz: It is a sleeping giant. We're in Hong Kong, Singapore, Thailand, Kuala Lumpur, Korea, Taiwan. We're not in Japan, but I could include Japan in this. The thing is just getting up and running. It won't take long for them to catch up. And then you're dealing with huge populations.

I think Russia has an enormous future in direct marketing because you have people waiting in line for hours to buy a pair of shoes. Isn't it better to send in a coupon and say 'send me a size 9'?

It will start with books, records, magazines. It doesn't take a leap of faith to [illegible] those things through the mail. ... then it will expand.

AA: *What new media are you experimenting with in direct marketing?*

Mr. Pickholz: I think we can adapt to some of the things Whittle [Communications] is doing: highly specialized publications; the student market.

If videotex can give us enough programming—sufficient reason for people to tune in—they'll be able to sell us advertising [space]. I don't think they've done that yet.

Telephone is an extraordinarily important medium. I'm not a strong supporter of unsolicited outgoing telephone calls, but there are ways to combine the telephone with an advertising message. For example, you use a celebrity in your advertising and then you have the celebrity's voice answering your phones.

With more sophisticated telephone-answering capabilities you could edge into prime-time TV.

It puts the onus on creativity. You need more appealing messages, but the logistics of answering could be resolved by personalized, robotic telephone answering. □

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The Art and Science of Direct Marketing

Stewart Tiger

Herring/Newman President Phil Herring is a firm believer in "You can't make rules about breaking rules."

Herring builds successful shop from simple strategy

Approaching field as 'strategic creative,' exec feels many 'in direct marketing do it backwards; we start with techniques'

By Kevin Gudridge

Score direct marketing's version of the hat trick for Herring/Newman.

In 1988, the small, unheralded Seattle-based direct-response agency stunned the industry by taking home the Direct Marketing Association's top awards: three Gold Echos and the Gold Mailbox Award.

The topper came when the agency—under the creative hand of President Phil Herring—was awarded the high visibility role of promoting and designing the DMA's 1989 Echo awards campaign.

The creative accolades have been accompanied by a billings boom. Listed by *Inc.* as one of the fastest growing privately held companies in the U.S., Herring/Newman has seen billings soar from $200,000 when it opened in 1983 to $17.1 million in 1988.

Herring/Newman's client list, which includes American Express, Apple Computer and United Way, reflects its growing stature in the industry.

"What sets us apart from other agencies is we put more emphasis on the creative product," says Mr. Herring.

"We also have a good balance between marketing values and creative values. I think it's what you might call 'strategic creative.'

"And, I think more so than other direct-marketing agencies, we have tried to study what the top general agencies such as Chiat/Day and Fallon McElligott are doing and why, and then try to incorporate what we learn into our creative," he says.

Below, Mr. Herring speaks candidly about direct-response creativity, which continues to be beleaguered by complaints of creative lapses.

AA: *What are some of the misconceptions clients have about creative work in direct marketing?*

Mr. Herring: The biggest is the belief that a campaign won't work if you don't follow the traditional rules. It's interesting that some clients who take big risks in their awareness advertising won't take any risks at all with their direct marketing.

To a degree that's understandable because direct marketing is so measurable that if you make a mistake it's painfully obvious. And sometimes it really is safer to imitate your competitors. My view is that if you do the same thing, it might not work.

To make your creative different, you have to break the rules. And I guess the hottest topic in direct-marketing creative is the issue of the rules and formula creative.

AA: *Are any of the rules valid?*

Mr. Herring: The tough part is turning your back on all these great rules you've been taught when you learned the business. Rules like self-mailers never work; long copy sells; all headlines must have benefits, and hundreds more.

Granted, all these statements are true. But only in a given marketplace, at a given time, with a given product. They are not universally true.

Kevin Gudridge is a free-lance writer based in Seattle.

AA: *Have you found any of these rules especially fruitful to break?*

Mr. Herring: You can't make rules about breaking rules.

Great creative comes from setting all rules, preconceptions and inhibitions aside, then trying to visualize an individual in the target audience.

If you understand that target, you can develop a strategy for selling to him.

And out of that strategy will come the single message that will find his hot button. It's different in every single situation.

AA: *What do you do when you find that key message?*

Mr. Herring: You can concentrate on saying it in a dramatic,

Herring's picks: Fishing for the best

Herring/Newman's President Phil Herring has praise for Bill Jayme's work for The New Yorker: "There couldn't be a better writer for that product. The work is warm, witty and cosmopolitan. It's perfectly matched to the prospect, who isn't likely to get excited about a free clock radio."

Of Jo Von Tucker's "The Carroll Journals," Mr. Herring says: "I find many catalogs look alike, but this one was unusual—like nothing I've ever seen. It made you want to buy the products because you wanted to live the lifestyle you saw on the pages . . . Jo Von made it easy to imagine yourself there by leaving the models out."

A print campaign for the Paperback Book Club done by Ogilvy & Mather Direct, Mr. Herring says, "Covered the mandatories, which was to show lots and lots of book covers. But in spite of that, they still managed to give the campaign tremendous personality."

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compelling and believable way. That's where the techniques become important.

But techniques have to grow from that selling strategy.

I think a lot of us in direct marketing do it backward. We start with the techniques.

That might be because we tend to leave the creative people out of the strategy process. All the strategy efforts are focused on how to use the data base and on developing offers.

Our agency has tried to overcome that by involving the copywriter and art director in everything, including media and testing.

It all boils down to this: Direct-marketing creative can be so much more than tactics—it can be just as strategic as any other element of the campaign.

AA: *How important is creative in determining whether a campaign will work?*

Mr. Herring: The rules say that the success of direct marketing is dependent 40% on media, 40% on offer and 20% on creative. That formula is dead-on if you're marketing in a vacuum—if you're selling a brand-new product to an untried market.

In the real world, creative can have an unlimited impact. I like the way [former creative director at Krupp Taylor] Gary Wexler explains it: Nothing matters unless the recipient opens the envelope. That makes creative 100%.

AA: *What are the major problems in communicating a message?*

Mr. Herring: Too many direct marketers use the same words and phrases. We've become a medium of cliches.

After a person has read the same line a few hundred times it tends to lose its sincerity.

Of course, general advertisers are guilty of using cliches, too, but at least theirs change every year or so. Direct-marketing copy cliches haven't changed in 20 or 30 years.

AA: *What explains the creative stagnation?*

Mr. Herring: Our breakthroughs have been in data processing, order processing, telemarketing, you name it. When direct marketers want a breakthrough, they tend to look everywhere except at creative. There could be many more creative breakthroughs.

Look at general advertising, for instance. Talk about a clutter problem: They've got to use creative to be heard. And they prove every day that great creative can overcome small budgets, parity products, almost anything.

AA: *Do you foresee a time when there will be no distinction between general media and direct-response advertising?*

Mr. Herring: Absolutely. And whoever figures it out first is going to be very, very successful.

But it won't happen in the near future because of stubbornness on both sides.

We have to decide that general advertising isn't the enemy. We have to be willing to look at good—not all, but good—general advertising and figure out why it works.

There's a lot we can learn from people like [Hal] Riney and [Tom] McElligott about how to motivate people.

And, of course, the general-advertising folks have to understand that we stand for a lot more than junk mail and cluttered print ads.

One problem is structure. If general and direct-response agencies have to battle for budgets, there will be no integration.

Even when they're affiliated, Mega Advertising and Mega Direct still fight each other for budgets. And they always will as long as the respective managers are compensated based on their respective sales.

AA: *What about the battle between direct-response and general agencies for creative people?*

Mr. Herring: I haven't seen a real battle for people yet. That may be coming in the future.

I do think we will hire more people from the general side—not because we need that special talent, but because the disciplines are getting closer. Yet, I don't think it will be necessary or desirable to recruit en masse from general agencies, if only because of the retraining required.

The more interesting question is what kind of work will the client give to the general agency, and what kind to the direct-response agency? The way I see it, direct-response agencies know how to immediately influence consumer behavior. General agencies know how to influence consumer attitudes.

As direct-response agencies learn the value of image and awareness and general agencies learn the value of accountability, it becomes tougher to decide who to use for what.

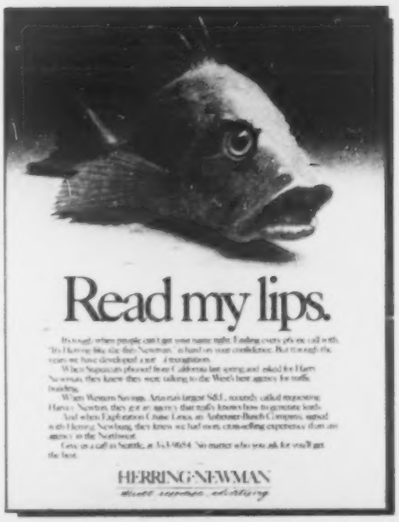
AA: *Where do clients draw the line now?*

Mr. Herring: Some do it by media. They use us to handle direct mail, and the general agency to handle print, radio and TV.

The more enlightened clients do it by marketing objective. If they want a measurable response, they use us. If they want awareness, they use the general agency.

That makes more sense, because our agency and many other direct-response agencies can do a fine job with print. I've seen some really good radio and TV coming out of direct-response agencies, too.

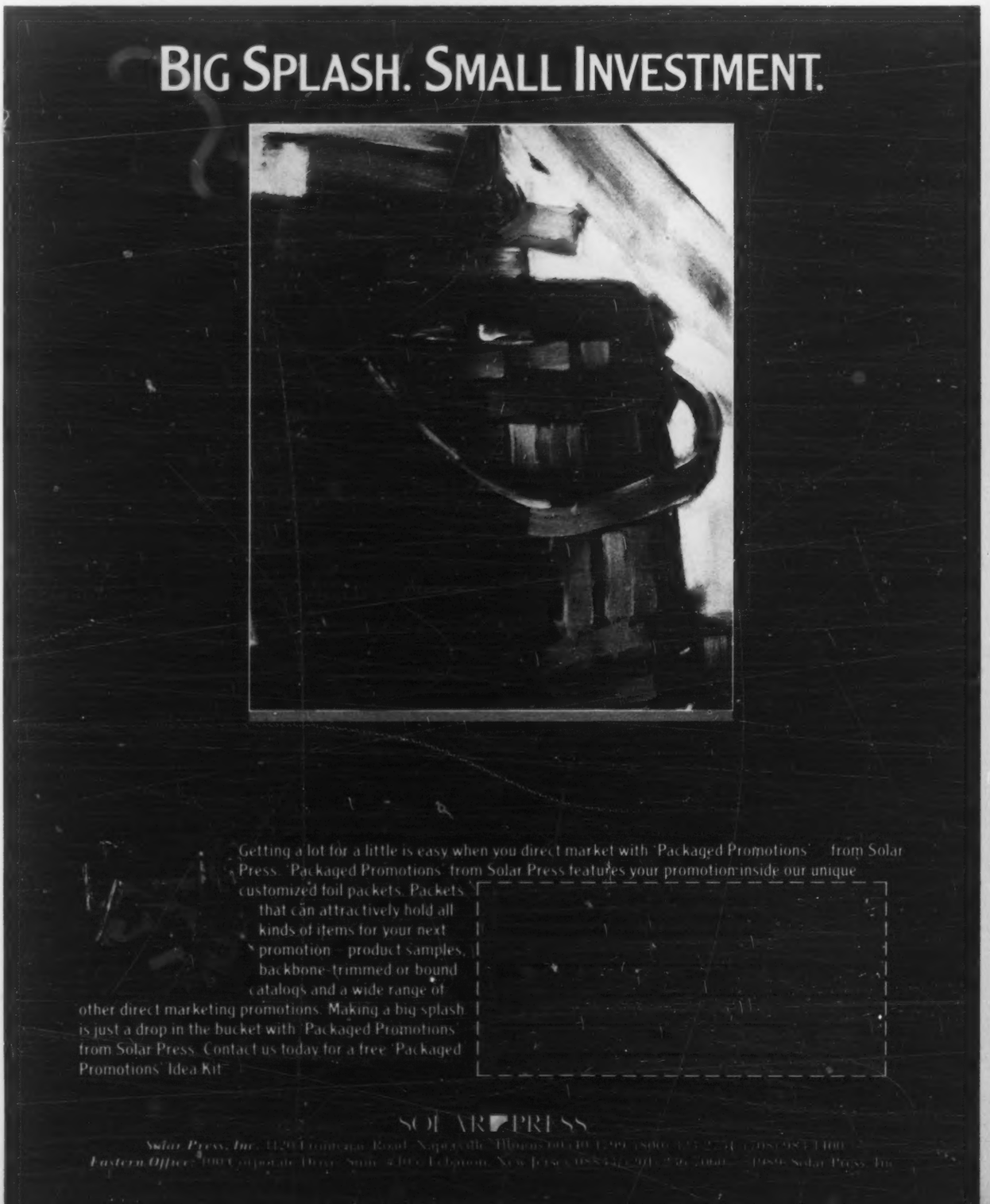
It's a shame to restrict those talents to direct mail. The disciplines of direct marketing work across all media. □



Herring/Newman's days as a fish out of water seem over as the agency piles up direct-marketing awards and builds billings in five years from $200,000 to $17.1 million last year.

The agency created this print ad to generate new business. The tale of woe told in the copy—"It's tough when people can't get your name right. Ending every phone call with, 'It's Herring-like-the-fish-Newman,' is hard on your confidence."—obviously hooked some prospects.

It resulted in $800,000 in new business, and grabbed three direct-marketing awards last year: a Gold Echo, Gold Caples and Gold Pioneer.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SPEAKING WITH AUTHORITY

Where will growth in 1990s come from?

As the U.S. direct-marketing growth rate softens—hitting 9.7% among the 246 direct-response agencies surveyed by ADVERTISING AGE—generating new business has become a critical issue for agencies. We asked executives at leading shops: "Where do you see growth coming from in the 1990s?"

Wunderman

Muldoon

Hefter

Gosden

Wiedemann

Draft

Lester Wunderman, chairman, Wunderman Worldwide

"The main engines of growth will be the development of data bases into information and knowledge systems with which we can communicate so as to make advertising messages relevant to individual consumer needs. One-way advertising will give way to buyer-seller dialogues, which will be enabled by an increasing variety of interactive media.

"The marketer's question of 'Here's what I make. Don't you want it?' will become the consumer's request of 'Here's what I need. Do you have it?' The concentration of products will give way to the science of building lifetime customer relationships.

"Concepts such as share of market will change to share of customers. Marketing executives will manage customers, not just brands. When all this takes place, as it will, direct marketing will become the next advertising, and it will grow and grow and grow."

Katie Muldoon, president, Muldoon Direct

"Increasingly, agencies will have to address their clients' problems on more of a marketing basis, rather than strictly creative. For example, cluttered mail and a shrinking universe mean that agencies will have to be actively involved in recommendations for new methods of customer acquisition.

"Research, direct-response TV, electronic on-line ordering, will need to be extensively tested and creatively implemented.

"Data-base usage, the buzz word of the late 1980s, will have to become more than just a word. Selective mailings of segmented offerings will need to be produced for clients.

"There will be a new universe of mailers who will wish the agencies to use the inherent synergies that are available through a variety of different disciplines.

"Retailers and package-goods companies, for instance, will be looking for hybrid shopping concepts that utilize new forms of direct shopping modes.

"As an agency primarily involved in cataloging, I can only attribute the growth we have seen in the last year to our ability to provide marketing aid in every aspect of a cataloger's operation. Agencies need to fully integrate themselves with their clients' operations and financial goals."

David Hefter, chairman-CEO, Rapp Collins Marcoa

"I'm optimistic. I believe that direct-response agency growth in the 1990s will be healthy, both domestically and internationally.

"In my view, the growth will come from four primary areas: the entry of new direct-marketing advertisers, especially in the business-to-business community and in consumer package goods; the recognition of additional longer-term objectives for direct-response advertisers, such as long-term prospect nurturing and continuing customer relations; new services to be provided by agencies, such as more sophisticated marketing data-base development and management or worldwide direct-response coordination; and direct-response advertisers' continuing market expansion beyond the U.S."

Freeman Gosden Jr., chairman, Foote, Cone & Belding-Direct Worldwide

"By the end of the 1990s, most classical advertising will *not* be mass-image advertising, rather a combination of image, lead generation and sales on a more targeted basis.

"Response advertising, using split-run techniques and response to offers, will provide classical advertising with a more accurate way to choose between campaigns, offers, prices and even media selection.

"Worldwide, this is even more important as the lack of a middle class makes targeting more economic. It is those with backgrounds in direct-response techniques who will lead this change and be the advertising stars of tomorrow."

George Wiedemann, president, Grey Direct

"We should be concerned with growth for the direct-marketing discipline, because our momentum has slowed.

"Restoring it will take a strategic effort to establish the proper role for direct marketing and direct-response media.

"For traditional direct marketers, growth must come from a fresh approach to media. Great advances have been made in data-base technology.

"Now we have to establish television and print as adding value to a direct-marketed product, and we must match data-base science with enough media science to make television and print pay.

"For agencies, accelerated growth is possible from national advertisers (the *new* direct marketers) if we strategically establish the direct discipline in the life of a brand. If we succeed, our growth in the 1990s will be unprecedented."

Howard Draft, president, Kobs & Draft

"Growth in the '90s for direct-marketing companies is a very regional subject. In Europe, and much of the world outside the U.S., we have no doubt that direct-marketing spending will grow at about 20% a year for the next five years. Growth will be fueled to a large extent by relatively new technical developments like toll-free telephone service and expanded commercial television.

"U.S. direct marketing will grow at about half that rate and will favor full service agencies with well balanced multi-media experience that have strong media planning and buying departments.

"I hope a greater portion of revenues will come from marketers that shift from promotional agency assignments to direct-marketing agencies as they continue to realize the value of their data base for ongoing marketing activities." □

Associate Editor Anita M. Busch coordinated this report on Direct Marketing. Kevin Brown and R. Craig Endicott tabulated the data on the agencies and provided the analysis.

Coming

Next week ADVERTISING AGE's Special Report will focus on **Maturity Marketing.**

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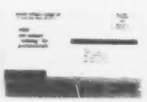

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April consumer magazine ad linage

	Current month 1989	1988	Year-to-date 1989	1988
Auto/cycle/rec. vehicles				
ATV Sports	20.3	30.2	86.1	119.1
AutoWeek (52X)	156.7	163.6	551.8	602.5
Car & Driver	121.0	111.9	408.6	431.4
Car Collector & Car Classics	15.3	15.2	67.7	68.1
Car Craft	69.3	86.6	269.7	287.8
Circle Track	92.4	82.3	340.1	317.4
Cycle	53.0	67.5	158.3	177.8
Cycle World	54.0	64.4	163.9	189.5
Dirt Rider	36.9	46.5	127.0	151.3
Dune Buggies & Hot VWs	68.0	76.6	269.6	281.2
Family Motor Coaching	166.4	160.9	725.2	710.4
4 Wheel & Off-Road	92.5	91.0	299.3	308.0
Four Wheeler	87.6	91.0	306.3	324.0
Hot Rod	121.1	91.9	346.8	337.1
Motorcyclist	62.2	71.4	171.5	181.3
Motor Trend	74.1	112.3	313.4	333.3
Motorhome	104.6	87.9	376.2	337.5
Rider	51.8	54.0	141.5	153.1
Road & Track	109.5	116.3	388.0	435.0
Trailblazer	87.0	74.3	231.0	205.0
Trailer Life	92.6	92.1	378.1	359.5
Total Group	**1,736.2**	**1,787.8**	**6,120.0**	**6,310.3**
% change	**-2.9%**		**-3.0%**	
Boating & yachting				
Boating	166.2	181.2	712.2	763.9
Chesapeake Bay	58.1	50.6	199.9	182.5
Cruising World	159.2	159.0	488.3	481.6
Lakeland Boating (11X)	110.5	94.5	400.0	354.9
Motor Boating & Sailing	158.6	157.3	703.4	736.1
Sail	126.4	119.7	497.3	430.3
Trailer Boats(11X)	100.3	89.0	355.5	313.6
Western Boatman(6X)	—	—	101.8	109.6
Yachting	115.7	150.4	571.4	629.5
Total Group	**995.0**	**1,001.7**	**4,029.8**	**4,002.0**
% change	**-0.7%**		**0.7%**	
Civic/fraternal				
American Legion	42.3	24.7	201.5	145.4
Elk (10X)	13.1	14.4	64.8	70.9
Kiwanis	18.0	13.9	61.2	55.1
Lion (10X)	3.3	7.3	22.3	62.0
Rotarian	10.1	14.2	52.5	67.6
V.F.W. (11X)	25.6	27.6	124.3	122.4
Total Group	**112.4**	**102.1**	**526.6**	**523.4**
% change	**10.1%**		**0.6%**	
General				
American Health (10X)	89.8	59.9	256.3	219.9
American Heritage (8X)	46.1	32.5	126.4	103.1
American West (6X)	53.0	—	74.5	—
Art & Antiques	60.5	73.4	260.5	263.4
The Atlantic A.	77.4	64.8	224.3	201.5
Bon Appetit A.	85.7	80.2	482.4	467.1
Cable Guide	41.3	38.6	137.9	124.7
Changing Times	69.8	65.0	228.7	247.5
Children	—	—	79.6	47.2
Conde Nast's Traveler	96.0	56.5	311.9	190.9
Connoisseur	92.1	98.7	303.8	315.4
Consumers Digest (6X)	—	—	47.7	43.3
Ebony	92.4	98.7	380.9	385.5
European Travel & Life	52.8	44.0	149.0	132.1
Finance (10X)	29.5	38.3	103.5	142.6
Food & Wine	74.2	52.6	239.3	196.0
Games (6X)	—	—	26.6	18.0
Golden Years (6X)	18.0	41.0	112.8	171.2
Gourmet	127.8	118.0	373.3	381.9
Harper's Magazine A.	31.1	33.7	136.7	126.6
Harrowsmith (6X)	—	—	123.8	121.9
Islands (6X)	—	—	120.7	67.6
Let's Live	42.0	68.0	190.0	209.0
Life	88.6	68.2	282.5	188.8
Modern Maturity (6X)	40.7	36.0	81.8	74.9
Money	120.5	121.8	399.4	462.7
Money Maker	6.5	7.3	9.2	15.3
Mother Earth News	—	—	171.9	160.6
National Geographic	22.9	24.9	90.8	103.4
National Geographic Traveler (4X)	—	—	60.2	43.0
Natural History	52.8	50.4	192.8	163.0
New Choices	34.7	39.7	147.9	139.6
Prevention	53.5	66.6	226.0	239.4
Psychology Today	34.0	33.3	116.8	96.3
Reader's Digest A.	87.9	122.5	348.5	408.6
Saturday Evening Post (9X)	41.9	33.4	134.9	109.8
Smithsonian	88.6	81.0	354.8	363.4
Town & Country	140.1	136.9	483.0	511.1
Travel-Holiday	59.1	51.4	191.7	172.9
Travel & Leisure	188.0	132.7	543.5	442.3
Travelhost	1,316.0	1,230.0	4,931.0	4,778.0
Vanity Fair	146.1	89.1	411.0	304.1
Writer's Digest	22.8	27.7	101.0	113.1
Yankee	56.0	75.7	251.8	312.3
Total Group	**3,780.1**	**3,492.4**	**14,020.7**	**13,379.0**
% change	**8.2%**		**4.8%**	
Home				
Americana (6X)	24.3	20.9	45.7	37.5
Architectural Digest A.	154.9	149.1	548.7	556.7
Better Homes & Gardens	133.3	120.5	451.0	421.2
Colonial Homes (6X)	—	—	121.0	109.8
Columbus Monthly-Homes (4X)	31.1	49.3	60.9	79.5
Cooking Light	—	—	109.7	68.8
Country Home (6X)	111.1	60.8	156.8	102.7
Country Living	114.2	110.9	383.8	338.1
Family Handyman (10X) A.	58.2	63.7	172.4	198.6
Florida Home & Garden	78.8	61.3	367.9	224.0
Flower & Garden (6X)	—	—	110.6	101.9
Home	76.4	87.1	240.1	256.4
Home Mechanics	74.7	63.8	211.3	199.2
The Homeowner (10X)	37.5	32.7	114.8	120.5
Horticulture	40.7	47.8	177.3	184.4
House Beautiful	73.4	72.6	257.1	255.9
House & Garden	82.1	91.9	283.1	334.5
Metropolis	62.1	57.4	200.6	175.1
Metropolitan Home	135.9	147.3	386.7	358.3
Midwest Living	84.3	69.4	155.9	105.0
1,001 Home Ideas	58.9	65.5	230.0	221.5
Organic Gardening	42.6	53.5	196.9	240.8
Phoenix Home/Garden	77.5	76.2	299.2	305.0
Practical Homeowner	26.1	—	98.9	—
San Diego Home/Garden	75.2	73.0	265.3	257.3
Southern Accents (6X)	—	—	201.2	207.4
Southern Living	144.6	171.1	480.1	490.3
Sunset Magazine A.	144.9	159.1	450.4	499.5
Workbench (6X)	—	—	92.4	91.8
Total Group	**1,942.8**	**1,904.6**	**6,869.7**	**6,541.7**
% change	**2.0%**		**5.0%**	
In-flight & other passenger				
Aboard Group (6X)	—	—	71.1	60.2
Alaska Airlines	63.7	57.0	238.6	223.8
America West Airlines	57.0	62.7	259.2	243.8
American Way (24X)	181.7	131.5	557.9	508.2
East/West Network:				
Continental Profiles	76.8	50.5	252.4	211.6
Eastern Review	62.8	67.8	265.9	291.9
Northwest	53.6	41.3	209.4	159.5
Pan Am Clipper	54.3	42.4	183.6	166.5
Southwest Spirit	79.6	61.3	270.6	249.8
TWA Ambassador	56.3	37.0	214.4	189.4
Vis `A Vis	89.6	71.3	347.4	275.6
Halsey Publication:				
Delta Sky	89.0	81.0	325.5	324.9
Pace Communications:				
Braniff Magazine	82.0	—	164.2	—
US Air Magazine	61.9	62.2	210.4	264.9
Spirit of Aloha (6X)	23.0	20.0	96.4	81.6
Total Group	**1,031.4**	**786.0**	**3,666.9**	**3,251.7**
% change	**31.2%**		**12.8%**	
Men's				
Esquire A.	115.0	101.7	410.5	327.4
Firehouse Magazine	34.7	40.0	144.7	161.3
Gentlemen's Quarterly A.	198.1	183.9	665.3	612.1
M Magazine	78.0	80.0	292.0	290.0
Muscle & Fitness	138.0	117.0	439.2	480.6
Penthouse A.	43.7	43.6	193.4	177.6
Playboy A.	52.4	43.9	247.2	195.2
Salute (10X)	22.0	27.9	84.1	78.3
Total Group	**681.9**	**638.0**	**2,476.3**	**2322.5**
% change	**6.9%**		**6.6%**	
Metropolitan				
Aloha	30.2	37.5	59.8	68.8
Atlanta	83.1	75.5	245.3	248.9
Baltimore	58.1	67.9	253.1	246.0
Boston	137.4	157.3	523.7	558.8
California	64.3	69.8	236.9	241.8
Chicago	117.3	104.6	434.3	400.4
Chicago's North Shore	96.0	89.7	384.7	347.1
Cincinnati	51.9	45.7	155.9	135.1
Cleveland	57.6	64.9	203.9	223.0
Coast (39X)	223.0	205.7	478.0	509.2
Columbus Monthly	72.1	105.4	270.8	270.1
Connecticut	129.2	120.5	411.1	398.5
D/Magazine	78.2	113.4	278.2	345.5
Denver	26.2	40.5	99.5	137.7
Detroit Monthly	77.3	120.3	237.0	302.9
Grand Rapids	43.0	49.2	137.3	140.8
Gulfshore Life (10X)	113.5	87.0	478.3	394.0
Honolulu	42.3	53.4	195.0	229.1
Houston Metropolitan Mag.	70.5	86.4	204.0	250.5
Inside Chicago (6X)	—	—	78.7	231.5
Los Angeles	149.5	155.8	575.9	540.1
Louisiana Life	—	—	65.5	55.9
Madison	42.0	45.0	162.0	160.0
Memphis	65.0	77.0	258.5	290.0
Mid Atlantic Country	44.5	34.5	141.0	108.9
Milwaukee	68.3	61.2	206.8	214.4
Minneapolis/St. Paul	114.6	135.5	437.7	394.0
Minnesota Monthly Mag.	47.7	44.5	174.3	150.9
Nashville	60.0	46.0	232.0	178.0
New England Monthly	60.3	55.3	204.4	178.8
New Jersey Monthly	100.9	115.2	342.4	376.8
New Mexico	38.7	32.0	178.2	159.5
Ohio	46.8	50.6	187.3	191.5
Orlando	111.7	96.8	380.3	365.1
Palm Beach Life	73.2	65.2	387.5	355.0
Palm Springs Life	111.2	132.9	615.8	549.4
Philadelphia	150.7	173.9	539.7	556.1
Pittsburgh	73.2	73.2	239.2	269.7
Rhode Island Monthly	53.1	—	194.9	—
Sacramento Magazine	60.0	73.0	210.0	213.0
St. Louis	51.1	39.7	174.4	183.6
San Diego	148.1	151.4	497.8	600.1
San Francisco Focus	110.9	96.2	394.4	333.6
South Florida Magazine	115.0	110.6	474.9	383.1
Texas Monthly	82.9	116.6	348.0	361.4
Ultra	44.2	24.0	181.0	94.3
The Virginian (6X)	—	—	118.8	119.5
Washington (7X)	—	—	146.0	121.6
The Washingtonian	170.3	157.3	663.2	584.1
Total Group	**3,764.9**	**3,857.7**	**14,097.2**	**13,767.7**
% change	**-2.4%**		**2.4%**	
Music/entertainment				
Audio	87.9	60.2	358.5	324.5
Dance Magazine	59.5	57.6	236.9	238.5
Playbill	45.9	46.1	199.1	179.6
Video Magazine	53.0	52.0	238.0	244.3
Total Group	**246.3**	**215.9**	**1,032.5**	**986.9**
% change	**14.1%**		**4.6%**	
Outdoor & sport				
Alaska	43.9	44.5	169.1	163.2
The American Handgunner (6X)	—	—	105.0	98.0
American Hunter	15.5	22.2	69.1	77.1
American Rifleman	26.9	26.2	88.5	98.1
Backpacker (6X)	43.5	33.0	69.1	64.9
Bass Master (10X) A.	98.3	95.3	394.8	402.3
Bicycling (9X)	154.1	143.0	379.8	364.4
Cross Country Skier	16.9	20.3	87.4	97.5
Ducks Unlimited (6X)	—	—	58.7	43.2
Field & Stream	115.2	170.0	337.3	407.1
Fishing World (6X)	—	—	108.3	111.4
Florida Sportsman	141.2	153.1	608.0	634.0
Golf Digest	136.6	135.2	561.1	473.4
Golf Illustrated	46.2	33.1	236.2	145.5
Golf Magazine	110.8	121.2	561.2	512.2
Gun Dog (6X)	—	—	88.2	64.2
Guns	37.0	33.0	144.0	134.0
Guns & Ammo	42.7	39.3	186.1	188.4
In-Fisherman (6X)	90.1	145.0	265.5	283.0
Outdoor Life	113.0	100.3	362.9	334.5
Outside Magazine	86.3	71.5	223.3	200.0
Petersen's Hunting	39.8	31.7	161.4	180.2
Runner's World (12X)	58.4	35.5	142.1	138.9
Salt Water Sportsman	114.0	116.4	596.6	572.4
Shooting Times	30.7	31.0	122.5	145.2
Sierra (6X)	—	—	96.9	82.7
Ski (8X) A.	57.3	33.2	341.6	293.4
Skiing (7X) A.	—	—	218.7	263.1
Skin Diver	117.8	121.3	441.3	439.9
Southern Outdoors (9X)	56.9	61.3	262.7	288.0
Southern Saltwater(8X)	51.1	49.0	234.6	171.4
Sport Magazine	28.5	49.0	136.4	152.2
Sports Afield	80.4	102.2	294.0	334.1
Tennis	88.3	91.5	254.4	289.1
Waterski (8X)	94.3	81.3	267.3	224.0
Western Outdoors (10X)	45.6	45.2	184.4	208.1
Wildfowl (6X)	16.4	14.9	32.3	29.2
WindRider (8X)	54.0	60.0	104.3	106.0
Wing & Shot (6X)	—	—	31.5	28.2
World Tennis	77.0	86.9	197.7	248.4
Total Group	**2,328.5**	**2,396.5**	**9,224.1**	**9,090.7**
% change	**-2.8%**		**1.5%**	
Photography				
American Photographer	45.6	29.9	128.4	118.1
Petersen's Photographic	36.8	29.3	107.0	95.9
Popular Photography	98.1	83.8	326.9	320.7
Total Group	**180.4**	**143.0**	**562.2**	**534.7**
% change	**26.2%**		**5.1%**	
Science/electronic/mech				
Discover	31.5	40.7	164.2	157.6
Home Office Computing	42.2	43.2	179.3	175.9
Omni	61.3	64.0	244.4	229.9
Personal Computing	170.3	205.4	700.4	942.5
Popular Mechanics	99.0	95.7	308.7	330.8
Popular Science	124.4	85.7	341.7	280.3
Scientific American	49.0	50.1	159.9	153.7
Spectrum	55.0	51.3	250.3	254.2
Total Group	**632.6**	**636.0**	**2,348.8**	**2,524.9**
% change	**-0.5%**		**-7.0%**	
Woman/fashion/service				
Beauty Digest (6X)	25.5	16.3	40.7	36.7
Bride's Magazine (6X) A.	488.6	372.0	1,230.0	1,075.6
Cosmopolitan A.	222.5	199.8	728.1	714.3
Elle Magazine	217.0	207.5	704.2	690.5
Essence	71.9	66.0	299.2	275.2
Family Circle (17X) A.	213.2	200.1	653.5	566.4
Glamour	230.3	196.9	638.2	665.9
Good Housekeeping A.	127.5	139.7	475.7	474.0
Harper's Bazaar	150.9	134.1	472.0	473.8
Health	34.5	41.5	123.8	155.7
Imagen	107.4	106.4	296.1	255.6
Ladies' Home Journal	148.8	110.6	489.5	417.3
Mademoiselle	178.0	170.1	524.6	521.9
McCall's	87.3	79.8	344.5	309.1
Military Lifestyle (10X)	31.1	32.1	167.7	165.0
Modern Bride (6X)	359.2	297.1	986.6	852.9
Ms.	38.7	23.5	138.0	120.0
New Woman	112.4	97.8	346.6	330.6
Parents Magazine A.	120.8	107.0	435.8	379.6
Redbook	98.5	98.0	357.6	386.2
Savvy	48.5	45.8	192.2	174.5
Self	131.4	105.4	424.9	384.1
Seventeen	138.3	155.4	435.8	450.1
Soap Opera Digest (26X)	43.3	24.7	142.3	89.7
Soap Opera Update	11.3	9.0	38.0	36.0
Teen Magazine	50.6	69.8	151.7	184.0
True Story A.	50.5	41.4	206.9	184.9
Vogue	327.2	243.6	1,182.1	1,076.0
W Magazine	115.3	108.6	535.4	512.5
Weight Watchers	40.3	37.3	139.9	150.0
Woman (10X)	29.7	46.3	115.0	128.6
Woman's Day (15X) A.	135.4	115.9	554.3	489.3
Workbasket	21.9	24.4	101.2	112.3
Working Mother	75.3	71.3	254.2	274.8
Working Woman	103.4	97.9	357.3	360.7
Total Group	**4,386.4**	**3,893.1**	**14,283.5**	**13,473.6**
% change	**12.7%**		**6.0%**	
Youth				
Boys' Life	21.5	16.3	83.6	70.7
Campus Life (10X)	37.7	36.2	190.7	190.3
Total Group	**59.2**	**52.5**	**274.3**	**261.0**
% change	**12.8%**		**5.1%**	
Business/national				
Barron's	138.6	202.3	541.9	732.5
Black Enterprise	50.5	48.8	280.1	267.3
Business Month	63.1	37.7	154.7	109.9
Business Week (52X) A.	430.1	454.6	1,321.4	1,278.4
Entrepreneur	161.3	91.0	628.8	405.9
Financial World (26X)	77.6	78.7	233.6	217.2
Forbes (26X)	240.1	351.3	868.2	953.6
Fortune (26X)	366.5	351.8	988.6	981.3
Frequent Flyer	52.9	57.3	172.2	213.6
Futures	40.8	38.7	172.0	232.0
Inc. Magazine	136.8	91.9	367.8	304.7
Income Opportunities	84.9	94.9	271.5	302.9
Industry Week (23X) A.	97.4	96.5	325.6	293.9
Nation's Business (12X) A.	40.0	50.9	145.8	152.8
Venture	37.7	53.6	170.7	205.2
Total Group	**2,018.0**	**2,099.7**	**6,642.7**	**6,651.0**
% change	**-3.9%**		**-0.1%**	
Business/regional				
Advantage-Nashville's Bus. Mo.	76.0	—	272.0	218.0
Arizona Bus. Gazette (52X)	54.0	59.9	226.4	256.7
Baltimore Bus. Jrnl.	75.9	94.3	291.5	322.6
Boston Bus. Jrnl. (52X)	111.5	124.7	442.0	491.2
Bus. First of Buffalo	70.9	79.4	297.6	242.4
Bus. Jrnl.-Milwaukee	117.1	121.6	581.2	601.7
Bus. Jrnl.-Sacramento	82.3	67.6	310.3	318.7
Bus. North Carolina	53.0	30.5	147.2	127.8
Capital Dist. Bus. Review (52X)	73.9	81.2	326.0	315.4
Caribbean Business	133.0	135.5	428.4	407.6
Corporate Rpt. Minnesota	59.6	68.0	243.5	270.0
Crain's Chicago Bus. (52X)	147.5	156.0	515.3	548.0
Crain's Cleveland Bus. (52X)	87.1	71.1	280.4	241.8
Crain's Detroit Bus. (52X)	73.1	74.4	284.0	287.8
Crain's New York Bus. (52X)	63.0	59.0	207.0	190.0
Florida Trend (13X)	111.5	124.1	257.5	302.8
Georgia Trend	62.3	90.1	203.6	246.2
Grand Rapids Bus. Jrnl.	41.4	36.5	175.6	182.6
Hawaii Business	39.8	38.8	167.6	146.8
Houston Bus. Jrnl. (52X)	92.0	54.0	278.5	225.0
Indianapolis Bus. Jrnl. (52X)	167.1	161.7	585.4	511.2
Manhattan Inc.	47.2	64.3	162.6	220.7
New England Bus. (20X) A.	41.0	59.1	179.3	213.6
New Orleans City Bus.	36.3	161.0	51.7	200.6
Pacific Bus. News (52X)	105.3	102.3	394.3	376.1
Pittsburgh Bus. Times (52X)	17.8	10.0	188.8	204.7
Providence Bus. News	86.8	79.4	308.2	283.1
Regardie's/Washington Review Publication:	181.0	188.0	638.0	593.0
Broward Review	92.7	74.8	348.2	160.8
Miami Review	65.0	91.9	269.0	215.3
Palm Beach Review	72.1	83.7	275.5	157.2
San Jose Bus. Jrnl.	105.6	62.1	291.4	246.7
St. Lous Bus. Jrnl. (52X)	118.9	134.7	430.6	433.2
Warfield Monthly Baltimore	88.1	91.1	248.9	261.9
Total Group	**2,850.0**	**2,930.8**	**10,307.5**	**10,021.1**
% change	**-2.8%**		**2.9%**	
National Sunday mags				
Parade (52X)	65.3	53.1	233.6	213.9
USA Weekend (52X)	60.3	53.5	211.7	200.9
Vista Magazine (52X)	23.4	19.7	80.5	58.8
Total Group	**149.1**	**126.4**	**525.8**	**473.6**
% change	**18.0%**		**11.0%**	
Newspaper Sunday magazine				
Boston Globe	246.0	198.0	852.0	826.0
Chicago Tribune	109.1	106.5	398.0	410.1
Cleveland Plain Dealer	93.9	79.3	252.4	253.8
The Dallas Morning News	90.0	75.0	272.0	279.0
Detroit Free Press	82.4	51.7	182.7	177.4
L.A. Times	105.2	109.2	408.6	303.4
Louisville Courier-Jrnl.	29.0	32.0	113.0	136.0
New York Times Mag.	460.8	392.6	1,330.5	1,331.5
Philadelphia Inquirer	137.0	93.5	361.0	330.0
Seattle Times	79.0	68.0	254.0	239.0
St. Louis Post Dispatch	116.1	70.9	335.4	281.2
Toledo Blade Magazine	37.8	40.4	132.8	129.3
Washington Post	173.3	111.9	532.7	420.8
Total Group	**1,759.6**	**1,429.0**	**5,425.1**	**5,117.5**
% change	**23.1%**		**6.0%**	
Weeklies/bi-weeklies				
The Advocate (26X)	132.6	141.9	510.6	562.8
Army Times Military Group:				
Air Force Times (52X)	162.2	149.4	604.0	604.8
Army Times (52X)	162.0	144.5	583.1	576.6
Navy Times (52X)	180.7	170.2	667.3	672.1
Capper's (26X)	30.3	18.6	153.7	102.9
Commonweal (22X)	7.9	9.9	37.2	40.4
Grit (52X) A.	40.6	28.7	153.5	124.7
National Journal (50X)	117.7	92.7	262.1	258.7
National Review (25X)	28.1	51.6	95.6	147.6
New Republic (48X)	39.6	36.5	163.6	149.4
New York Magazine (50X)	258.7	327.3	855.1	950.2
New Yorker	202.2	226.6	658.0	741.7
Newsweek (52X) A.	199.7	199.3	746.9	742.3
People (51X)	312.7	298.9	1,116.8	1,043.2
Rolling Stone (25X)	175.4	166.4	586.9	542.4
Sporting News (52X)	64.5	54.5	196.9	198.6
Sports Illustrated (52X) A.	270.7	231.5	974.9	991.4
Time (52X) A.	226.2	213.7	830.7	773.9
TV Guide (52X) A.	314.7	315.3	1,207.6	1,319.4
US Magazine (26X)	61.5	49.6	207.4	181.2
U.S. News & World Report (50X) A.	156.0	153.5	600.8	567.7
Total Group	**3,144.0**	**3,080.6**	**11,312.7**	**11,281.9**
% change	**2.1%**		**0.2%**	

NOTES: (X) represents the number of times published each year; publications are monthly unless otherwise specified. A. Sectional linage included but prorated to circulation of regional editions. B. Sectional linage included but not prorated to circulation of regional editions. C. Combined unduplicated regional ads. All figures represented in this table are supplied by the magazines. Ad Age makes no attempt to verify them and therefore is not responsible for inconsistencies or errors. Compiled by Kathy Welyki.

Addendum to agency income report

The following corrections and additions are for the "U.S. and Foreign Advertising Agency Income Report" of March 29.

Corrections

Lord Einstein O'Neill & Partners, New York. Gross income of $4.56 million was confirmed by auditors, compared with an unaudited $4.71 million submitted by the agency to meet ADVERTISING AGE's late January deadline (P. 16).

DDB Needham Worldwide, Chicago. Agency's billings under the major office breakout of parent DDB Needham Worldwide should have been $534.4 million (P. 50).

Rosenfeld, Sirowitz, Humphrey & Strauss, New York, didn't receive the Eastern regional ad program for Burger King Corp. as stated (P. 65).

Avrett, Free & Ginsberg, New York, notes its reporting of $54.5 million and $46.7 million in cable TV for 1988 and 1987, respectively, should have been for network TV (P. 40).

Warwick Advertising, New York. Media billings of $84.9 million in 1988 weren't in spot TV as noted, but for all TV, and broke out to $41.6 million in network, $10.2 million in cable and $33.1 million in spot (P. 63).

J. Walter Thompson Co., New York, notes its vice chairman for client relations is William C. Thompson Jr. (P. 67).

WPP Group, London. Executive listings should have included Simeon Galpert, director-group treasury; Martyn Roberts, director-group tax; Feona McEwan, director-corporate communications; and David Stevens, director-legal affairs (P. 80).

Grey Advertising, New York. Agency's New York office billings were $1.317 billion rather than $1.396 billion, and the agency lost only the Bold and Bold 3 business of Procter & Gamble Co. (P. 53).

BBDO Worldwide, New York. Agency's billings of $1.152 billion for U.S. BBDO-named shops should have ranked it No. 10 among U.S. brand agencies on a chart on P. 1; and Grey Advertising's brand billings of $1.102 billion placed it No. 11 among agency brands, rather than No. 9 as shown. The two agencies were listed in correct order on the top 50 brand chart on P. 56.

Interpublic Group of Cos., New York. Organizational chart failed to note "McCann International Agencies" as the counterpart to McCann-Erickson USA under Interpublic's McCann-Erickson Worldwide operation. Under McCann-Erickson USA, McCann Healthcare should have been added (P. 81).

Lintas:Spain, Madrid. For 1988, gross income should have been $19.4 million, and billings, $129.5 million, putting Lintas at No. 4 in the market (P. 76).

McCann-Erickson, Sao Paulo. For 1988, gross income should have been $41 million, and billings, $273.8 million, making McCann-Erickson No. 5 in Brazil (P. 72).

Advico/Young & Rubicam, Zurich. Gross income and billings for 1988 should have included data for Advico. Corrected figures are $14 million and $93.3 million, respectively, giving Advico/Young & Rubicam the No. 2 spot (P. 76).

Lintas:Cameroon, Douala. Gross income and billings figures for 1988 should have been $601,591 and $4 million, respectively (P. 73).

Pars/McCann-Erickson, Istanbul. Gross income and billings figures for 1988 were $2.7 million and $17.8 million, respectively (P. 77).

Interplan, Helsinki. Listing of this agency, affiliated with Saatchi & Saatchi Advertising, was duplicated under the name of Oy Interplan (P. 73).

Gruppo Armando Testa, Turin, Italy. Gross income and billings figures for the Testa Group exclude data for its New York and Barcelona offices (P. 74).

Daehong Advertising, Seoul. Gross income and billings for 1988 should have been $13.5 million and $127.6 million, respectively, ranking Daehong No. 4 in South Korea (P. 76). Daehong dissolved its affiliation with Saatchi & Saatchi Advertising and entered in a new agreement with DDB Needham Worldwide in January.

Ted Bates A/S, Oslo. Billings for 1988 should have been $175.8 million (P. 75).

Additions

Siddall, Matus & Coughter, Richmond, Va. Gross income of $3 million on billings of $30.2 million in 1988. Gross income of $3.5 million on billings of $24.6 million in 1987. Top executive: John N. Siddall, chairman-ceo. Employees: 39. Agency returns were confirmed by an independent accountant.

Ogilvy & Mather, Singapore. Gross income and billings for 1988 were $3.2 million and $21.1 million, respectively, ranking O&M No. 2 in the market.

Bassat Ogilvy & Mather, Barcelona/Madrid. Gross income and billings for 1988 were $14.3 million and $95.2 million, respectively, placing O&M No. 7 in the market.

Lintas:Australia, Sydney. Gross income and billings for 1988 were $11.5 million and $76.9 million, respectively, making Lintas No. 11.

Lintas:Sweden, Stockholm. Gross income and billings for 1988 were $3.6 million and $24.1 million, respectively, giving Lintas the No. 8 spot.

Moxon Dolphin Kerby, London. Gross income and billings for 1988 were $10.2 million and $68.2 million, respectively, making Moxon Dolphin Kerby No. 34.

P.T. Citra:Lintas, Jakarta, Indonesia. Gross income and billings for 1988 were $2.6 million and $17 million, respectively, making P.T. Citras:Lintas No. 1 in Indonesia.

Mudra Communications, Ahmedabad, India. Gross income and billings for 1988 were $4.4 million and $29.4 million respectively, making Mudra No. 4 in India.

Raka Advertising, Bombay. Gross income and billings for 1988 were $271,606 and $1.5 million, respectively, placing Raka No. 15 in India.

Madco Gulf, Deira, Dubai, reported gross income and billings figures for the following offices in 1988: Dubai—$1.6 million and $5.1 million; Beirut—$70,000 and $450,000; Bahrain—$902,000 and $3.2 million; Saudi Arabia—$794,000 and $4.6 million; Kuwait—$340,000 and $2.3 million.#

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Malcolm J. Spry, Chairman & CEO, Mojo MDA Group Ltd.; Topic: *1992 and the Pacific Rim Countries.*

Tim Breene, CEO, WCRS Worldwide; Topic: *1992 and European Media Buying.*

Leonard Lavin, Chairman of the Board, President & CEO, Alberto Culver Co.; Topic: *How Will 1992 Affect Corporate Structure?*

Colin Moore, Director of International Marketing, Pepsico; Topic: *How to Gear-Up for 1992.*

Mike Johnson, Editor-in-Chief, International Management; Topic: *The Mirage of 1992 - Why the Program May Just Fade Away.*

Joseph J. Doherty, Vice President, Marketing Communications, Owens-Corning Fiberglas Corp.; Topic: *The Advertising Environment in the 1990's.*

Len Sugarman, Director of FCB, Inc., International Authority on Advertising Creativity; Topic: *The Satellite Salesman.*

Shahab Fatheazam, Managing Director, PaineWebber International Development; Topic: *1992 and the Financial Markets.*

Gerald Postlethwaite, Managing Director, London, KLP/Comart; Topic: *Strategies that U.S. Companies Should Take When Considering a Pan-European Approach.*

Karen Elliott House, Vice President, Dow Jones International Group; Topic: *1992 — Europe as Global Competitor.*

Linos Kogevinas, Managing Director, TIME-Europe; Topic: *Results of a Survey on the Impact of 1992 on Trade.*

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